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RETIREMENT OF EMPLOYEES IN CLASSIFIED CIVIL SERVICE

HEARING

BEFORE

THE COMMITTEE ON CIVIL SERVICE AND RETRENCHMENT UNITED STATES SENATE

SIXTY-FIFTH CONGRESS

SECOND SESSION

ON

S. 4637

BILL FOR THE RETIREMENT OF EMPLOYEES IN THE
CIVIL SERVICE

AUGUST 28, 1918

Printed for the use of the Committee on Civil Service and Retrenchment



WASHINGTON
GOVERNMENT PRINTING OFFICE
1918

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RETIREMENT OF EMPLOYEES IN CLASSIFIED CIVIL SERVICE.

WEDNESDAY, AUGUST 28, 1918.

UNITED STATES SENATE,
COMMITTEE ON CIVIL SERVICE AND RETRENCHMENT,
Washington, D. C.

The committee met, pursuant to the call of the chairman, in room 248, Senate Office Building, Senator Kenneth D. McKellar presiding.

Present: Senators McKellar (chairman) and Colt.

There were present also the following: Mr. John S. Beach, president of the Federal Employees' Union, No. 2, acting president National Federation of Federal Employees; Dr. Llewellyn Jordan, Secretary United States Civil Service Retirement Association; Mr. Edward J. Gainor, president National Association of Letter Carriers; Mr. Edward J. Ryan, president Railway Mail Association; Mr. R. A. Alcorn, chairman joint retirement committee, Naval Gun Factory; Mr. George T. Keyes, 79 Wall Street, secretary of the National Civil Service Retirement League; Mr. J. D. Maddrill, actuary of the United States Bureau of Efficiency; and Mr. Richard H. Dana, of Boston, Mass.

The committee proceeded to consider the bill (S. 4637) for the retirement of employees in the classified civil service, which is as follows:

[S. 4637, Sixty-fifth Congress, second session.]

A BILL For the retirement of employees in the classified civil service.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, beginning on the first day of July next following the passage of this act, all employees in the classified civil service of the United States who have on that date or shall have on any date thereafter reached the age of sixty-eight years shall be eligible for retirement on an annuity as hereinafter provided: *Provided*, That mechanics, city and rural letter carriers, and railway mail clerks shall be eligible for retirement at sixty-five years of age: *Provided further*, That postmasters shall not be included in the provisions of this act.

Sec. 2. That for the purpose of determining the amount of annuity which retired employees shall receive the following classifications and rates shall be established:

Class A shall include all employees to whom this act applies who shall have served the United States for a total period of thirty years or more.

Class B shall include all employees to whom this act applies who shall have served the United States for a total period of twenty-five years or more, but less than thirty years.

Class C shall include all employees to whom this act applies who shall have served the United States for a total period of twenty years or more, but less than twenty-five years.

Class D shall include all employees to whom this act applies who shall have served the United States for a total period of fifteen years or more, but less than twenty years.

4 RETIREMENT OF EMPLOYEES IN CLASSIFIED CIVIL SERVICE.

The annuity to a retired employee in class A shall equal fifty per centum of such employee's average annual basis salary, pay, or compensation from the United States for the ten years next preceding the date on which he or she retired: *Provided*, That in no case shall an annuity in this class exceed \$600 per annum.

The annuity to a retired employee in class B shall equal forty per centum of such employee's average annual basis salary, pay, or compensation from the United States for the ten years next preceding the date on which he or she retired: *Provided*, That in no case shall an annuity in this class exceed \$540 per annum.

The annuity to a retired employee in class C shall equal thirty per centum of such employee's average annual basic salary, pay, or compensation from the United States for the ten years next preceding the date on which he or she retired: *Provided*, That in no case shall an annuity in this class exceed \$480 per annum.

The annuity to a retired employee in class D shall equal twenty-five per centum of such employee's average annual basic salary, pay, or compensation from the United States for the ten years next preceding the date on which he or she retired: *Provided*, That in no case shall an annuity in this class exceed \$420 per annum.

SEC. 3. That for the purpose of this act and subject to the provisions of section ten hereof the period of service of an employee in the classified civil service shall be computed from original employment, whether as a classified or unclassified employee in the civil service of the United States, and shall include periods of service at different times and services in one or more departments, branches, or independent offices of the Government, and shall also include service performed under authority of the United States beyond seas or honorable service in the Army, Navy, or Marine Corps of the United States, either Regular or Volunteer: *Provided*, That in the case of an employee who is eligible for and elects to receive a pension on account of disability incurred in the line of duty the period of his military or naval service shall not be included for the purpose of assignment to classes defined in section two of this act.

It is further provided that in computing length of service for the purposes of this act periods of separation from the service shall be excluded, and that in the case of a substitute city carrier, postal clerk, or railway postal clerk only periods of active occupation in the duties for which he or she was employed shall be included.

SEC. 4. That the provisions of this act shall include employees of the Library of Congress and the Botanic Gardens, excepting such persons as may be appointed by the President and confirmed by the Senate, and may be extended by Executive order, upon recommendation of the Civil Service Commission, to include any employee or group of employees in the civil service of the United States not classified at the time of the passage of this act. The President shall have power, in his discretion, to exclude from the operation of this act or include therein any employee or group of employees whose tenure of office is intermittent or of uncertain duration.

SEC. 5. That all employees to whom this act applies shall, on arriving at the age of retirement as defined in section one, be automatically separated from the service: *Provided*, That if not less than ninety days before the arrival of an employee at the age of retirement the head of the department, branch, or independent office of the Government in which he or she is employed certifies to the Director of the Bureau of War Risk Insurance that by reason of his or her efficiency and his or her willingness to remain in the civil service of the United States the continuance of such employee therein would be advantageous to the public service, such employee may be retained for a term not exceeding two years upon certification by the Director of the Bureau of War Risk Insurance, and at the end of the two years he or she may, by similar certification, be continued for an additional term of two years, and so on: *Provided, however*, That at the end of ten years after this act becomes effective no employee shall be continued in the civil service of the United States beyond the age of retirement specified in section one hereof for more than four years.

SEC. 6. That each employee who may become eligible for retirement as provided in this act shall, not less than sixty days before reaching the retirement age, file with the Director of the Bureau of War Risk Insurance, in such form as he may prescribe, an application for an annuity, and said application shall be supported by a certificate from the head of the department, branch, or independent office of the Government in which the applicant has been employed,

stating the age and period or periods of service of the applicant and salary, pay, or compensation received, as shown by the official records: *Provided, however,* That in the case of an employee who is to be continued in the service of the United States beyond the retirement age, as provided in section five of this act, no application for retirement and annuity as herein prescribed shall be filed with the Director of the Bureau of War Risk Insurance: *And provided further,* That failure to apply for retirement and annuity within sixty days after reaching the retirement age because of the pendency of an application for retention in the civil service shall not be construed to deprive any person of retirement and annuity.

Upon receipt of satisfactory evidence the Director of the Bureau of War Risk Insurance shall forthwith adjudicate the claim of the applicant, and, if title to an annuity be established, a proper certificate shall be issued to the annuitant under the seal of the Treasury Department, and such certificate shall become evidence of the right of the annuitant to the annuity as therein defined.

SEC. 7. That every employee to whom this act applies who shall continue in the civil service after the passage of this act, as well as every person to whom this act applies who may hereafter be appointed to a position or place, shall be deemed to consent and agree to the deductions made and provided for hereinafter, and payment with such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services rendered by such person during the period covered by such payment, except his or her claim for the benefits to which he or she may be entitled under the provisions of this act, notwithstanding the provisions of sections one hundred and sixty-seven, one hundred and sixty-eight, and one hundred and sixty-nine of the Revised Statutes of the United States, and of any other law, rule, or regulation affecting the salary, pay, or compensation of any person or persons employed in the civil service to whom this act applies.

SEC. 8. That, beginning on the first day of the second month after the month in which this act is approved, there shall be deducted and withheld from the basic salary, pay, or compensation of each person to whom this act applies a sum equal to two and one-half percentum of such person's basic salary, pay, or compensation. The Secretary of the Treasury shall cause the said deductions to be withheld from all specific appropriations for the particular salaries or compensation from which the deductions are made and from all allotments out of lump-sum appropriations for payments of such salaries or compensation for each fiscal year, and said sums shall be transferred on the books of the Treasury Department to the credit of a special fund to be known as "the civil service retirement fund," and shall be credited, together with interest thereon at four per centum per annum, compounded annually, to the individual account of the employee from whose salary or compensation the deduction was made. Such "civil service retirement fund" is hereby appropriated for the payment of annuities, refunds, and allowances as provided in this act. There is also appropriated, out of any moneys in the Treasury not otherwise appropriated, a sum which, when added to the deductions herein provided and transferred from other appropriations under the provisions of this act, shall be sufficient to make payments provided by this act: *Provided,* That the Secretary of the Treasury is hereby authorized and empowered to invest, from time to time, in interest-bearing securities of the United States, such portions of the "civil service retirement fund" hereby created as in his judgment may not be immediately required for the payment of annuities, refunds, and allowances as herein provided, and the income derived from such investments shall constitute a part of said fund for the purpose of carrying out the provisions of section eleven of this act.

The Secretary of the Treasury is hereby authorized and empowered in carrying out the provisions of this act to establish special funds supplementing individual contributions by the employees and to receive, invest, and disburse for such purpose all moneys in the form of donations, gifts, legacies, bequests, or otherwise which may be contributed by private individuals or corporations or organizations for the benefit of the civil-service employees generally or any special class of employees.

SEC. 9. That annuities as herein provided shall be paid monthly, and checks shall be issued and mailed to the last-known address of the annuitant on the first business day of the month succeeding the month in which the annuity becomes due: *Provided,* That where an annuitant is laboring under legal disabilities the annuity in such cases may be paid to the duly appointed guardian.

SEC. 10. That upon the transfer of any employee from unclassified to classified status, or upon the reinstatement of a former employee to the service, credit for such past service or for any part thereof shall be granted only upon the payment to the Treasurer of the United States, within ninety days of such transfer or reinstatement, of the amount of such deductions with interest as provided in this act as would have been made for the periods of actual service or part thereof for which credit is to be given. Interest shall not be computed, however, for periods of separation from the service.

SEC. 11. That in the case of an employee in the classified civil service of the United States who shall be transferred to an unclassified position, and in the case of any employee to whom this act applies who shall become absolutely separated from the service before reaching the retirement age the total amount of deductions of salary, pay, or compensation with accrued interest computed at the rate of four per centum per annum compounded annually, shall, upon application, be returned to such employee; and in event of the death of an employee before he shall have received in annuities an amount equal to the total amount of the deductions from his salary or compensation together with interest thereon at four per centum per annum compounded annually up to the time of his death, the excess of the said accumulated deductions over the said annuity payments shall be paid in one sum to his or her legal representatives upon the establishment of a valid claim therefor.

SEC. 12. That for the purpose of administration, except as otherwise provided herein, the Director of the Bureau of War Risk Insurance, under the direction of the Secretary of the Treasury, be, and is hereby, authorized and directed to perform, or cause to be performed, any and all acts and to make such rules and regulations as may be necessary and proper for the purpose of carrying the provisions of this act into full force and effect.

SEC. 13. That payment of annuities, refunds, and allowances as herein provided shall be made by the disbursing clerk for the Bureau of War Risk Insurance, and with the approval of the Secretary of the Treasury, checks in payment of annuities may be drawn without separate vouchers or receipts, but in such form as to protect the United States against loss; *Provided*, That vouchers shall be required in all cases in which payment of annuities, refunds, or allowances are to be made to some person other than the annuitant, and in all other cases in which the Secretary of the Treasury may deem it necessary.

SEC. 14. That it shall be the duty of the head of each executive department and the head of each independent establishment of the executive branch of the Government not within the jurisdiction of any executive department to report to the Bureau of War Risk Insurance in such manner as said bureau may prescribe the name and grade of each employee to whom this act applies in or under said department or establishment who shall be at any time in a nonpay status, and the amount of basic salary, pay, or compensation lost by the employee by reason of such absence. The Bureau of War Risk Insurance shall keep such record of appointments, transfers, changes in grade, separations from the service, and losses of pay as shall enable it at all times to determine accurately the amount of salary, pay, or compensation deducted and withheld from any individual under the provisions of this act.

SEC. 15. That the Secretary of the Treasury shall prepare and keep all needful tables, records, and accounts required for carrying out the provisions of this act, including data showing the mortality experience of the officers and employees in the service and the rate of withdrawal from such service, and any other information that may serve as a guide for future valuations and adjustments of the plan for the retirement of officers and employees. The Secretary of the Treasury shall make a detailed comparative report annually to Congress showing all receipts and disbursements, together with the total number of persons receiving annuities and the amounts paid them.

SEC. 16. That none of the moneys mentioned in this act shall be assignable, either in law or equity, or be subject to execution, levy, or attachment, garnishment, or other legal process.

SEC. 17. That for clerical and other services and all other expenses necessary in carrying out the provisions of this act, there is hereby appropriated the sum of \$100,000, out of any moneys in the Treasury not otherwise appropriated, which sum shall be immediately available and continue available until the end of the fiscal year next after the passage of this act; thereafter the Secretary of the Treasury shall include in his annual estimate of appropriations a sum sufficient to continue this act in full force and effect.

SEC. 18. That all laws and parts of laws inconsistent with this act are hereby repealed.

The CHAIRMAN. Mr. Keyes, do you wish to say a word first?

STATEMENT OF MR. GEORGE T. KEYES, SECRETARY OF THE NATIONAL CIVIL SERVICE REFORM LEAGUE, NEW YORK, N. Y.

Mr. KEYES. Mr. Chairman, Mr. Richard H. Dana, the president of the league, has been studying this problem for a number of years, and he has been devoting a great deal of time to this very important and vital subject, and what he has to say is based upon some experience as well as study. I wanted to start out with the statement—and then will ask Mr. Dana to take it up, and analyze the bill from his point of view—that we, the National Civil Service Reform League, heartily favor the retirement principle; and we are not obstructionists, and are solely interested in a solution of the problem that will provide for the retirement of our superannuated Government employees, and with that very brief statement,

May I present Mr. Dana?

The CHAIRMAN. Proceed, Mr. Dana.

STATEMENT OF MR. RICHARD H. DANA, OF BOSTON, MASS.

The CHAIRMAN. Mr. Dana, have you made a study of Senate bill 4637? I believe you have.

Mr. DANA. Yes.

The CHAIRMAN. And I believe that you desire to be heard in reference to that bill?

Mr. DANA. Yes.

The CHAIRMAN. Will you kindly give us your views, sir?

Mr. DANA. As Mr. Keyes has said, the league is committed to a proper retirement measure. The war emphasizes the need. It is not a simple proposition. It is much more complex than one would at first suppose, in the history of such schemes in the world of business and in various countries.

In 1911 the league took it up. I was not then president, but I have been on every committee connected with the subject of superannuation, and we have employed actuarial advice, etc., in calculations, and we have had a study made and made a study ourselves of some of the prominent systems in the world and that have been adopted by business.

It seems to me that it would be a great thing if we could have here in the United States Government a wise, actuarially correct and practical system which would be a model to the various cities, States, and Territories of the country, and would be accepted the world over as something unusually fine.

In Great Britain they got led into, by accident, adopting a straight pension system. They began by contributions to a common fund. That fund was not credited to each person who paid contributions, but was a big common fund, and they began to put all kinds of extra burdens on the fund that were not intended originally in the scheme as it was laid out, without making the contributions any larger, so that they found themselves in a position where this fund was not going to be big enough for the various claims that were going to be made upon it, and something had to be done, and they jumped right into straight pensions.

Now, this bill is not for what we are criticising—straight pensions. It is really, roughly, fifty-fifty; partly contribution and partly straight pension. But I think the experience of Great Britain in straight pension is very important as bearing upon the part of the bill that is straight pension. It was found that it was unsatisfactory to the employees. It was the civil service of Great Britain that made this objection to the straight pension bill, not the taxpayers. In fact, the civil service showed very plainly that the taxpayers are getting off mighty easy, because in the straight pension it came about inevitably by the ordinary law of demand and supply, that there was an indirect contribution from their receiving lower pay because there was that pension that was dangled before their attention, which they were to get provided they stayed on in the service to the end of the journey, and if they dropped out before the end of the journey they got nothing. That is to say, if a man lived to 70 years, he would get a pension, but if he died before, his family would not get anything; or if he resigned before, he would not get anything; and yet he had been making, indirectly, contributions; and the civil service proved before a parliamentary committee, and the parliamentary committee found it as a matter of fact, that they were making indirect contributions. The employees wanted them to go further and find out how big that was, and to show conclusively, which their evidence did, that it was more than it would have cost them to have bought that annuity out of an insurance company, and a great deal more than would have been required if there had been any direct contribution—contributory system. The committee failed to make any finding of that because they did not want to be involved in that question.

Then they passed some legislation which somewhat corrected that, and I might just read from President Taft's message, if I may, on this very subject. It is short and to the point (reading) :

Careful study of experiments made by foreign Governments shows that three serious objections to the civil pension payable out of the Public Treasury may be brought against it by the taxpayer, the administrative officer, and the civil employee, respectively. A civil pension is bound to become an enormous, continuous, and increasing tax on the public exchequer; it is demoralizing to the service since it makes difficult the dismissal of incompetent employees after they have partly earned their pension; and it is disadvantageous to the main body of employees themselves since it is always taken into account in fixing salaries—

You know, if you are on the Appropriations Committee, how that is brought up in your minds in fixing salaries—

and only the few who survive and remain in the service until pensionable age receive the value of their deferred pay. For this reason, after a half century of experience under a most liberal pension system, civil servants of England succeeded, about a year ago—

This was written in 1911—

In having the system so modified as to make it virtually a contributory plan with provision for refund of their theoretical contributions.

That is to say, the British Government said that these people had been receiving lower salaries all their lives, because of this possibility of receiving a pension on reaching the age of 70, and they said, "We will give them something," and they still claim that the amount is not anything like what they were entitled to. It was proved that in one case a person considered it a promotion to go from a \$1,200

salary without the pension to a \$1,000 salary with the pension. That is a contribution of \$200 a year, or 17 per cent, practically, at a time when they would get it only in case they survived. That kind of payment is perfectly exorbitant, and yet the evidence will show that that is what happened again and again.

Now, the contributory plan in this bill is that the employees will pay something and the Government will eventually, if the employee stays to the retirement age, pay something more—give a straight pension. So far as that half goes—it is not a half, and I do not believe it is proved conclusively how much it is; it is more than a half; in some cases it is, at all events—that, we feel, has all the disadvantages to Government efficiency, and to the employees themselves, that the straight pension system has. That cripples this, you might say, only by 50 per cent, as to efficiency; but I claim that it does so just as much as if it was the whole 100 per cent, because if a man has an equitable claim on his office on the ground that he has contributed something, it is impossible to get rid of him. It is hard enough to discharge an inefficient person from the public service, anyhow. Friends spring up everywhere, and they go to the head of the office, and the head of the office has no pocket nerve. It makes no difference to him or to his success in life; and you gentlemen know that the easy-going tendency of Government service is to let two men do a one-man job, so as to help out an inefficient man, rather than to discharge an inefficient man. That is common knowledge in all governmental service everywhere; the kindheartedness of legislators who pass the laws, and of administrators who have the details in their hands.

The CHAIRMAN. If it will not interrupt you I will say that this bill provides that where there is separation from the service before retirement, the amount of deduction shall be returned to him.

Mr. DANA. Oh, yes; the 50 per cent part.

The CHAIRMAN. Yes.

Mr. DANA. But the other 50 per cent which the Government is going to make up—that thing which is dangled before their eyes, to be received if they reach the end of the journey, but not if they fall back—has some effect. The 50 per cent part which is a straight pension, that is the part I am talking about.

The CHAIRMAN. Would not that be valuable, to retain good men in the service? It is something which you might say dangles before the eyes of the employees, but would not that be a wise thing from the governmental standpoint, and from the standpoint of the Government efficiency, to obtain better men?

Mr. DANA. There has not been much trouble in retaining men by the ordinary promotion in salaries, who have gotten a good many years of experience. In fact, they are sometimes unfitted somewhat for outside life. They get used to the Government service they are in, they have a knowledge of the office; and the retirement, as shown by actual count, is much greater among men in the earlier years of their service, among the younger men; and there the retirement is too great, and the most capable men are the ones who go off, as a rule, as they see business openings here and there; but there is not much retirement in later years. That seems to be the experience. That certainly was found so in England. Not only was that found

so in official reports and in theory, but I, personally, have traveled a good deal in England, and I have a good many English friends, and among them I had one, a large administrator in the India service—a man who fills a whole page or a half page in Who is Who in Great Britain—and he said that one of the worst things that happened in that service was that when men got pretty high up and had only 10 years more before they reached the retirement age, they often ceased to perform their duties with efficiency, because they did not fear the consequences of such action, they all had this sort of feeling: "You will not dare to remove me. I have been in this service 30 years, and I have only 10 years more in the Government service, and it would be cruel to put me out, and I know you would not do it." That is practically the way it goes. He said, "If we had a system that was wholly contributory, so that a man could take everything he was entitled to and there was nothing left on for him with the passage of the additional years, we could brace that man up by telling him, 'We can get rid of you, because you will have to submit an account at compound interest of all your contributions, and that is the whole thing you are entitled to'—if it was a completely contributory plan; and then you could go to others and say 'You have enough to buy a pension. It is not as much as you would get later; but if you are willing to put that at compound interest and the return on it, you can do it.'"

In so far as this bill provides for the contribution by the Government of only one-half, so far it is good. Now, I would like to say about that, that the thing which interests civil-service reformers of late years has been efficiency in democracy—I mean reasonable efficiency; I do not mean grinding men up and sifting them out and that kind of efficiency, but an efficiency of organization, and of a fair amount of work, and one of the things that has interested me is this efficiency, and our program has been enlarged. Our original program emphasized more the corrupting influences of the spoils system on politics and on the Government service itself; and now that is considerably done away with in the United States service, and what we are emphasizing now is efficiency in a democracy—that a democracy could be made, with the proper methods adopted, we believe as efficient as an autocracy.

Mr. GAINOR. Would you kindly elaborate on that?

Mr. DANA. Yes; I will. Now, one of the things is this.

(At this point the chairman temporarily left the room.)

Mr. JORDAN. I would like to have you develop that thought, Mr. Dana.

Mr. GAINOR. Yes.

Mr. DANA. I might say that I am talking now of the general principle of a contributory plan; I am not talking about the immediate situation. I will differentiate between the two. I am talking about new entrances into the service, and the position to be adopted.

Senator COLT. That is rather a broad subject they are going to ask you to explain, as to whether or not a democracy can produce as great efficiency as an autocracy. Even as applied to these civil-service employees, I should not know at first exactly what you meant; what would be the difference between autocracy and democracy as applied to employees. You are dealing with a system here, are you not, whether under an autocratic or a democratic government?

Mr. DANA. Yes; that is the real solution, I think; it is the system. I do not think it depends upon whether it is autocratic or democratic, although many pessimists think it is so.

Senator COLT. My idea is that on the surface the difference between autocracy and democracy is that autocracy produces the greatest efficiency, but that so far as reserve power is concerned, it lies in the democracy.

Mr. DANA. The reserve power of a democracy is tremendous, and we get ahead, but we do it at an awful expense sometimes.

Senator COLT. Yes.

(At this point Senator McKellar returned to the room.)

Mr. DANA. I was going to say that the two things, if this is going to bring about great efficiency in democracy, are to have good management in your service. Our civil service originally applied mostly to clerks and stenographers and persons of that sort, and certain assistants, but not to anybody who had the head of a bureau or had any executive or organizing service and efficiency, and the answer was conclusive that an ordinary written examination could not test organizing ability and efficiency; but the system has been tested and carried out with the greatest success in the United States Government service, it being applied to even positions up as high as \$10,000 a year, and filling these positions by throwing aside all written examinations and just making a questionnaire as to the man's education, training, and achievements in life—what he has done—and then having that questionnaire, after it is all filled out, both by the persons who have employed him and by himself and those who know about his education and training, and what he has done, also investigated and graded through experts in his own line of business, by physicians for physicians and by engineers for engineers, and so on; so that they have filled the great hospitals very successfully with the best doctors, in Chicago, and some of the biggest hospitals in the world; and the places in libraries have been filled in that way; and places of chief engineers and heads of road departments, and in the United States Government departments, all of its various offices. For instance, under the Agricultural Department, which has done some of the best work in the world, the places have been filled by men who have not had to answer a single scholastic question, but have filled out questionnaires showing that they had been educated at such and such an institution, and had done such and such work; and their ability is tested. That seems to work well, and seems to give an enormous advantage. And why? That that is the system that prevails practically in all autocracies or semi-autocracies that have shown efficiency.

Senator COLT. That have done what?

Mr. DANA. That have shown efficiency.

Senator COLT. Yes.

Mr. DANA. Take Turkey. Now, Turkey is not much of an autocracy; but there there has been shown no such efficiency, because they have not had any such system; it is mere favoritism. But in Germany and in France nobody can receive, by law, any of these higher offices who has not had the degrees in the universities or has not shown that he is fitted for that kind of work. For work in chemistry he has got to have had such and such degrees in chemistry, and as a civil engineer or a sanitary engineer he has got to have had such and

such degrees in those studies showing that he has fitted himself for that work. Men go into the lower grades, and through practical ability and experience fit themselves for the higher position. Now, it is the same in city management. All of the heads of departments are persons who have been promoted from one city to another on account of efficiency. I will not go into that further. But in the service itself, that can be done through bureaus of efficiency, such as that which you have here in Washington, with Mr. Brown at the head of it; or we think better in many respects to go to the Civil Service Commission themselves for the standard of work. I do not mean to find out how many square yards of window glass a person can keep clean or how many yards of street surface he can keep clean, but it can be standardized to a great extent by the employment of efficiency engineers and organizing engineers and business managers to come in and help the departments to get the best results and keep both the individuals and the heads of the groups up to what is a fair standard of work; and where that has been tried, as in Chicago, it can be carried on in such a way as to give no contest with the labor unions, provided the standardization is fair and it is not done in a way to be what you call "test work"; that is to say, to get the man who is unusually able to set the standard, but have a fair standard, and keep them up to that, and then have promotion properly done.

One of the things that they have got to say is that "this department has too many people in it"; and then they have got to take those supernumeraries and put them in another department or put them aside, and when vacancies come put them into those vacancies; and they have got to brace people up; and wherever that is done, ever so much more work has been done without fatiguing or tiring anybody.

And trying to work along those line, to produce those efficiencies, in the new problems that the business men are finding in hiring and firing in their own departments, using these things in their business, as is constantly being done and as the science is growing rapidly. Now, if you have a new pension system, which makes it harder than ever to get rid of a man so that a man has a claim on his office, if he has been working at a lower salary on account of the 50 per cent, something he is going to get in the end—and he does have a claim, as those English investigations prove, and it is a claim that Congress can not resist if it is brought up 10 or 20 years hence—it is going to be very hard to produce efficiency. It is one of the most discouraging things we have to contemplate. We thought of changing our name from the National Civil Service League to something else, and as a compromise we made it, and we were going to have a subtitle of Efficiency for Democracy.

Senator COLT. Are the general purposes of this bill approved by your society?

Mr. DANA. No. The first part of it, the contributory system, provided it was a wisely devised contributory system, we do approve of.

Senator COLT. Are you here to oppose the bill?

Mr. DANA. We are here to suggest that the bill should be amended or approved in various ways.

Now, I may say that this bill has not been a bill, as I understand it, sent out to such experts as Mr. Brown and others, to draw up the best bill possible.

The CHAIRMAN. Oh, yes; it has. You have been misinformed.

Senator COLT. Are there those here who are going to speak in favor of it?

The CHAIRMAN. They have already made their statements.

Mr. JORDAN. We are here to-day to hear Mr. Dana.

Mr. DANA. I would say, if that is so, that I very much hope you will turn it over to Mr. Brown and call upon him for a complete statement of his opinion in regard to it.

The CHAIRMAN. We did turn it over to Mr. Brown, and he turned it over to Dr. Maddrill; and it must be said in fairness to Dr. Maddrill that he has since sent to me some additional figures, and this bill is based upon the reports made by the Bureau of Efficiency to this committee.

Mr. DANA. But I think, in case these opinions have been given you, that you should—I submit that the committee should—call in Mr. Brown and other men to say on what basis they have done it. Now, I understand—and I am not going to quote anybody, because I might misquote them, but I understand on the best authority—that they did not understand that they were to make from whole cloth the best bill that they thought ought to be made for the service, but that they understood they were to take certain ideas which the employees were willing to have accepted and put them into the best shape. Now, I am very sure you will find out that that was the way this bill was prepared.

The CHAIRMAN. I am thoroughly familiar with it, and I think I can tell you exactly what was done.

Senator COLT. Mr. Chairman, as you know, we have been so busy on important things that this is the first meeting of this committee I have been able to attend.

The CHAIRMAN. Yes; so that I will explain how this bill came into being.

Senator COLT. I wish you would explain the whole matter.

The CHAIRMAN. The question was raised as to a plan. There was one plan which provided for contributions entirely by the employees and another one which provided for contributions entirely by the Government. I concluded, after such examination as I made, that a half-and-half plan would probably be the true method of getting at it. I thereupon got Mr. Brown to look into the matter of the figures, what figures we could get. He employed Dr. Maddrill—or Dr. Maddrill was in his employ—and Dr. Maddrill furnished me those figures. The greatest difficulty was experienced in regard to the cost. Dr. Maddrill said that this bill, as it is now, would cost 5 per cent of all the salaries. It first figured out, under the provisions of the tentative bill, that it would cost 7 per cent, and we had to raise the age limit in order to bring it down to the 5 per cent, of course.

When we got it in that shape, down to the 5 per cent, we experienced all kinds of difficulty in getting the various employees' associations to agree to half. They first, I think, agreed to 1.5 per cent and then to 2 per cent, and then a number of the men said they would not go up as high as 2.5 per cent. I still took the position that it was a give-and-take proposition, as many are, and that we ought to go in on a half-and-half basis, and that until they all agreed on a half-and-half basis I would not introduce the bill.

Mr. DANA. That is right.

The CHAIRMAN. That when they agreed on a half-and-half basis I would be glad to do it. If I make a mistake in this statement, gentlemen, I want you to say so.

Mr. JORDAN. It is right.

Mr. GAINOR. You are correct.

The CHAIRMAN. Finally we got the representatives of all the employees to say that they would be willing to the 2.5 per cent, which is one-half of the estimated cost that we got from the Bureau of Efficiency.

Mr. DANA. That is right.

The CHAIRMAN. When we got that far I introduced the bill. And, by the way, I will say that this matter was gone over, and I want to say for you, too, Senator Colt, that this matter was gone over; in reaching the conclusion I have just mentioned this matter was gone over. No employee made any protest. Many of the representatives of the employees' associations were here, Dr. Maddrill, who furnished the figures for the Bureau of Efficiency, was here, and every paragraph of the bill and every section of the bill, and, I believe, almost every word of the bill, has been scrapped over and fought over, criticised and worked out, and we had very elaborate hearings about it; we took proof about the matter and went over the whole thing. The hearings are now in print, and I will be glad to send you a copy of them, because this is a very interesting situation. The result has been, as I say, that we finally agreed upon this bill. Since the agreement upon it. Dr. Maddrill has presented other figures—

Mr. DANA. That is right.

The CHAIRMAN (continuing). That he thinks are fairer to all concerned, and they have been discussed.

Senator COLT. Did those relate to matters of detail? You state that the fundamental matters are agreed upon.

The CHAIRMAN. The fundamental principle of half and half has been agreed upon.

Senator COLT. Does not that conform to Mr. Dana's idea?

Mr. DANA. That is new, as I understand it. Mr. Brown was not asked to give what he thought was the fundamental principle of a pension system for all employees, but only, starting with the half-and-half proposition as had been agreed upon, and also a flat rate, which I will speak of in a minute, he has given the best bill that could be brought in. And we employed Mr. Brown years ago to help us—

Senator COLT. Where do you differ?

The CHAIRMAN. That is what we would like to know—just where do you differ?

Mr. DANA. We differ first on the point that we think it ought to be all contributory, or if the Government contributes not to contribute, as provided in this bill, something away ahead, but if the Government wants to contribute at all let them make a cash payment right along and let it go into a common fund and let the men draw from it, so that if they retire they will take it.

Senator COLT. What the Government contributes, too?

Mr. DANA. Yes; what the Government contributes, too.

Senator COLT. Is not that very favorable to the employees?

Mr. JORDAN. We never asked for any such thing.

The CHAIRMAN. I do not think you could get that through Congress.

Mr. DANA. No; I suppose not.

The CHAIRMAN. No.

Senator COLT. If we ask a good deal, we may get more than if we ask little.

Mr. GAINOR. I agree with you.

Senator COLT. I am heartily in favor of this bill.

Mr. DANA. This practically means a system of bookkeeping. You give a certain part of your pay and the Government doubles it, and it is just the same as if they made your pay that much more and then got you to contribute the whole of it.

The CHAIRMAN. When you analyze your view of the subject the only difference that I see is this, that you contend that the contribution that the Government gives, the one-half contribution, should at once become the property of the employee. Would not that be putting a premium upon their withdrawing after a certain time?

Mr. DANA. That is one of the objections to that part of the system.

The CHAIRMAN. Yes.

Mr. DANA. That it would encourage a man withdrawing from the service.

The CHAIRMAN. As soon as he accumulated a certain amount.

Senator COLT. Under this bill if a man retires 10 years before he reaches the age limit does he get anything?

The CHAIRMAN. He gets all he contributed with 4 per cent interest.

Senator COLT. And nothing from the Government?

The CHAIRMAN. But nothing from the Government. On the other hand, if he stays he gets the pension provided in the bill.

Mr. GAINOR. That is the inducement provided for him to stay.

The CHAIRMAN. That is an inducement for him to stay, which appeared to us as a rather wise provision.

Senator COLT. Now, you will see that if the Government gave its contribution there would not be that inducement for him.

Mr. DANA. There would be this situation. Take Dr. Jordan, who is employed in the Treasury Department, and suppose he saves up \$1,000 of his own. With \$1,000 of the Government there is \$2,000 that he can get any time he wants it. Now, suppose some man comes along and wants him to go into a gold mining business and wants to send him out to Washington State, and he says, "If you have as much as \$2,000 I will let you come in," and he takes down his \$2,000 and goes out there. That is an inducement for him to leave, whereas the other way it would not be that way. That is the way it strikes me.

Senator COLT. What is the German system? Does the Government give its aid?

Mr. DANA. I would like to be able to refresh my recollection before I answer those questions. This hearing came up unexpectedly to me and in vacation time when I was here, and I have a lot of literature on it, and I would not like to speak offhand; but the Canadian and French systems are largely contributory.

Let me come back to Mr. Brown.

Senator COLT. Let me ask you, is there any country that has adopted the system that where a man retires before reaching the age limit he will still have the benefit of the Government's contribution?

The CHAIRMAN. That is just the question I was going to ask.

Mr. DANA. They have adopted this system, that where there is a contribution by the employees his contribution is at compound interest—

The CHAIRMAN. That is what this bill provides.

Mr. DANA. But only so far as he has contributed.

The CHAIRMAN. But what Senator Colt asks you is, Is there any Government that provides for the withdrawal of what the Government has contributed?

Mr. DANA. There have been some business concerns that have done that.

The CHAIRMAN. Only business concerns?

Mr. DANA. There have been.

Senator COLT. Are you figuring on that?

Mr. DANA. No, sir; I was going to say we have taken that only as a possible consideration, and we have never gotten any committee of the league to agree on that. But so far as a matter of bookkeeping is concerned it is the same as if their salary was increased by that amount and they then paid the whole of the contribution.

Senator COLT. I understand.

Mr. DANA. If a man contributes \$6 a month out of his salary and the Government puts in \$6 more, and that is a separate account which is to be the basis of his retirement fund with compound interest, it is just the same as if the Government had increased his salary by \$6 a month and made him pay the whole \$12, so far as bookkeeping is concerned. It has a moral effect aside from all that.

But what I wanted to get at is this, that when we employed Mr. Brown to help us in regard to the Episcopal clergy—I have been connected with the Episcopal Church for a long time, and I had a part in that—Mr. Brown there recommended that there should be full contribution of the whole amount of the sum necessary to purchase the fund on which the retirement of the clergymen should be made when they became superannuated, and I think he has not changed his mind at all as to what would be best for the employees and for the Government.

Mr. GAINOR. May I ask what proportion of their salaries the ministers contribute to that fund?

Mr. DANA. In that case it is all paid by the congregation, just as it would be by the Government; because it was admitted that all clergymen, with a very few exceptions that you could count on the fingers of your two hands, were underpaid, and they had had for a long time a movement to increase their salaries, and instead of increasing their salaries they said that the congregations should pay for their pensions as the best way of increasing their salaries. But the thing is that it is not a promise by the church that if a man stays on until the retirement age it will pay in part, or in future—at some other time—but the money is paid in and put down at compound interest for the whole thing.

The CHAIRMAN. Would it interrupt you to ask you a few questions about the bill itself?

Mr. DANA. No, sir.

The CHAIRMAN. Have you a copy of the bill before you?

Mr. DANA. Yes; I have it in my hand.

The CHAIRMAN. Take the first section; have you any suggestions to make about the provisions there as to the ages at which they shall be eligible for retirement? Is 68 the proper age limit?

Mr. DANA. I think that is an improvement over 65. As you know, the cost of the extra three years is enormous. There have been several suggestions in the past. One was to make it 70, with certain classes of persons, to be designated by the President, who should retire earlier, persons whose duties in their positions require special physical ability.

Mr. BEACH. That is incorporated in this bill in the preferential age provision.

Mr. DANA. You have it only for certain designations.

Mr. BEACH. For certain designated classes.

The CHAIRMAN. Then, generally speaking, the first section would be satisfactory?

Mr. DANA. Yes.

The CHAIRMAN. Now, turning to section 2 on page 2, have you any suggestions to make in reference to the classes and the periods to be served before determining the amount of the annuity?

Mr. DANA. There are several things there. In the first place, the limit of the annuity I think should be properly graduated.

The CHAIRMAN. The age; you mean the amount of it?

Mr. DANA. Yes; it is provided that in Class A the annuity shall not exceed \$600 per annum.

The CHAIRMAN. What would you suggest about that?

Mr. DANA. There is a further amendment that has been suggested by Dr. Maddrill.

The CHAIRMAN. Do you approve of those amendments?

Mr. DANA. Yes; I have looked into them.

The CHAIRMAN. Do you think they are better?

Mr. DANA. I think they are a great improvement over this, provided you start with a bill with two provisions which we think are both defective. One is the flat rate, and the other is the 50 per cent contributed by the Government to the end of the journey.

The CHAIRMAN. Your idea is that the whole thing ought to be borne by the employees? I understand that is your fundamental idea.

Mr. DANA. Yes; that is the fundamental thing, but also they ought to have their salaries to start with—put on a fair basis, such as an ordinary man ought to be able to save money out of—and then, starting with that, have them contribute.

The CHAIRMAN. As a man of the world and as a business man and a practical man you know that we can not have a perfect system to begin with. If we wait to get a perfect system, we will never get anything started. We must take things as they are.

Mr. DANA. Yes. This is not altogether in the air.

The CHAIRMAN. I think it is in the clouds.

Mr. DANA. Perhaps it is; but I mean this is part of it, because part of the whole system that I have been talking about, of putting in efficiency engineers into the service is to standardize work and pay, and in a great many departments you will find in one department doing the same kind of work a wholly different rate of pay is given from that in another department; and that all wants to be standardized and brought up to what is a fair pay in commercial

life for that kind of service; and that is a part of our program for civil service, and that this Government Bureau of Efficiency is undertaking to do as a part of its job—and that is a thing that is going to be done—ought to be done, and it is not altogether in the air and has never appeared altogether so.

The CHAIRMAN. You would not want to postpone it——

Mr. DANA. Oh, no.

The CHAIRMAN (continuing). Until we secured that ideal system?

Mr. DANA. No, of course not.

The CHAIRMAN. And I want to call your attention to another thing, that such a system as you have suggested would depend, really, on education, the educational feature would come in, and until we have compulsory education and all of our citizens educated in the same way, it would be very hard to adopt a system of that sort.

Senator COLT. The question of the standardizing of the amount of the salaries, which you have stated in such an interesting way, is not that foreign to the purposes of this specific bill?

Mr. DANA. Even as to this specific bill, if they are going to contribute something, they ought to have a fair salary out of which to contribute it.

Senator COLT. We could not put that in this bill.

Mr. DANA. No; but I was simply mentioning it, that as a part of the whole civil service system of the United States we feel that there is going to be that thing done; and it has been done with great success in the city of Chicago—that is what started this—and it has begun in the city of New York, and it is producing good results. There have been some of the most comic things you ever saw. There was a case where a man got \$1,800 a year as a health expert, and it turned out he did not know how to read or write; he just squeezed a sort of disinfectant around here and there. But his title to recognition politically was such that when it came up in the council chamber he got this very high salary for doing really nothing. That is the sort of thing you find; and an efficient worker is not paid half as much as he ought to be paid, and that is being done in many places. Salaries should be put on a better basis, and Congress ought to come forward and do what is right, as they are doing in many of these cases now, and especially under war conditions.

But now I really think that you will find Mr. Brown does not believe either in what is called the flat-rate assessment or contribution from the employees, if it was left to him to decide, nor in a method that is only partially contributory.

The CHAIRMAN. It was not left to Mr. Brown nor to Dr. Mad-drill—both of whom are most accomplished gentlemen—to decide. What we wanted from them was figures, and they have very kindly furnished us those figures, and Congress is going to try to decide it.

Mr. DANA. Of course Congress is going to decide it. It is one of those matters for Congress to decide.

Senator COLT. What do you mean by “a flat rate”; paying so much a month?

Mr. DANA. No, sir. I will tell you; everybody pays 2.5 per cent, regardless of age.

The CHAIRMAN. Regardless of age?

Mr. DANA. Regardless of age.

The CHAIRMAN. What other plan would you suggest?

Mr. DANA. One of the bills which has been drawn in the past and presented to Congress provided that the Secretary of the Treasury should have tables prepared; at a certain age, 1 per cent; at a certain other age, 2 per cent; and so on. We have had this prepared by an actuary, and he shows us this peculiar result, that a person who enters the service at the age of 20 and has 48 years in the service, by paying 2.5 per cent pays 88 per cent of the benefit he is going to get, and the Government, provided he serves until the retiring age, only gives him 12 per cent. On the other hand, a person who goes into the service at 40 only pays the Government 40 per cent of his benefit and gets from the Government 60 per cent. So the man entering at 40 pays less than one-half as much as the man who enters at 20, and the Government pays him five times as much benefit.

Mr. GAINOR. May I ask you a question there?

Mr. DANA. And that is perfectly plain. Now, there was no difficulty in the other. I am talking now about persons who originally enter the service. There is another scheme which is to be separated. Take those who are already in the service. This is to be treated as an entirely separate plan.

Senator COLT. If the employee dies, does his family get the benefit?

Mr. DANA. The benefit of the contributions he has made. The Secretary of the Treasury has tables prepared, according to which a person of 20 pays so much and a person of 30 only so much.

Senator COLT. If you go to put a complicated table of that kind into the bill, we will never get anything through in the world.

The CHAIRMAN. That is what I say.

Mr. DANA. The original bill does not give anything. It says it is a matter of actuarial calculation. It simply says that the Secretary of the Treasury will prepare tables for the computation of the amount to be paid by the employee.

The CHAIRMAN. Let me put this, now, and see what you have to say to it: For 20 years, to my personal knowledge, every effort has been made to pass and put into operation and effect a law providing for a retirement system.

Mr. DANA. Yes.

The CHAIRMAN. You say you are in favor of a retirement system.

Mr. DANA. Yes.

The CHAIRMAN. We have got one in this bill which may not be perfect, but we have got substantial agreement on the part of the various employees to it. It is a half-and-half proposition that is easily understood, that is fair, if you say the system is fair at all; and while there may be inequalities in it such as you have suggested, do you not think that it would be wiser and better to put this system in effect and then afterwards, if there are inequalities in it, have those inequalities ironed out? If we attempt to get a bill in that will please you and will please him and will please him [indicating other gentlemen present] we will never get anywhere.

Now, you say that you approve of half of this, anyway. Would it not be better for us all to get a system enacted and then afterwards iron out the inequalities? That is so in every law that Congress passes.

Mr. DANA. Almost every law that you pass here is later amended. But may I ask you to consider this thing? Has there ever been a case where they have changed a pension measure, except to give an increased benefit to the employee? Has there ever been one where they have made an additional contribution to the employee? And is there not a fundamental difficulty in changing a bill—say, if it is half contributory, and the employees begin to suspect, perhaps, that that is not right—is there not a fundamental difficulty in changing it into a wholly contributory one? What will a man say? “I entered this service under a pension system as passed by law.” Of course, constitutionally you have a right to amend that law, but as a matter of practice it is going to be very difficult. He will say, “I had a sort of moral contract with you, and now you want an additional contribution.”

The CHAIRMAN. Is it not true—and did you not testify a while ago—that the English system, which is wholly contributory by the Government, is displeasing to the employees, and that they have asked that it be amended?

Mr. DANA. Yes; but not in the way of making a direct contribution. They have come to a sort of a compromise, in that the Government gives to the families of those who die within the retirement age, or who retire under suitable and proper conditions only, a certain sum of money. The amount they get is not anything like the indirect contribution they have been paying, but it is something. It is a sop to Cerberus; that is what it is; and it is not putting the English system on a sound basis.

Senator COLT. You believe in the half and half, do you not?

Mr. DANA. No.

Senator COLT. Do you believe in the pension system entirely?

Mr. DANA. I believe in the contributory pension system with a separate account, so that it is not a common fund except as money in a savings bank is a common fund, in that each man has a savings book with the Government showing so much paid down each time and so much due.

Senator COLT. You believe in the contributory system?

Mr. DANA. Yes.

Senator COLT. That is, in a compulsory savings system?

Mr. DANA. A compulsory savings system. That, as Mr. Brown stated to us—and I believe he would say the same to-day if you asked him—a sound method is this, by which each man is going to have his account properly adjusted. This is going to compel him to save for his own sake and for the Government's sake, so that the Government will not have a penniless old man on its hands who has not been saving.

Mr. JORDAN. But if it is admittedly inadequate, how will you overcome the difficulty of saddling upon the employee the entire contribution? You are familiar with this fact, that for many years there was determined opposition on the part of a certain class of employees of the Government to any form of contribution.

Mr. DANA. Yes.

Mr. JORDAN (continuing). As Senator McKellar has indicated in his remarks, we have now come to where we are agreed upon the fundamental principles of this bill. In regard to the Government's

contribution, we agreed that it would be better not to return to the employee what the Government contributed, because it might have the effect of inducing the employee to continue his employment, efficiently, if you please, until he reached the age of retirement. There may be some merit in your argument that the Government should give what it contributed to the employee, without interest, but we do not believe that Congress is now in that frame of mind where it would approve a scheme of that kind. But we on our present salaries are willing to assist the Government in creating our own annuities.

This bill has some inequalities. We admit that.

MR. DANA. Is it not a pretty long question I am being asked? Is it not rather an argument, than a question, on the other side of the matter?

I would like to say one thing, because this has been brought out both by the chairman and in the last question, and that is that this is some inducement to keep people on in the service. As a matter of fact it is no inducement to a man at the age of 20 to say "I want to stay on in the service, and otherwise I will go out." For a man of 20 entering the service to look ahead 48 years and calculate on receiving the benefit of the pension on retirement, it is too far. He does not think of that. Resignations of those men will be just about the same. I think they have assumed that that is so in the criticism of this bill. The actual statistics regarding resignations show that there are mighty few resignations as you get on later in life, except those that come from breaking down in health. A man in the service stays on.

Senator COLT. May I say just a word? I have been very much in favor of this general scheme and plan, and the way I would approach it is this: What is satisfactory to the employees? I would make it just a practical question of what is satisfactory to the employees?

Mr. JORDAN. That is this bill, Senator.

Senator COLT. If they are willing to contribute half and the Government contribute half, that would strike the ordinary mind without going into details—and there are complicated details to work out—that would strike the average man as being fair. I want to satisfy the employees, and I do not care a continental about any theory about it.

Mr. DANA. Yes. I think it would be a more permanent satisfaction to them to have this.

Senator COLT. But I would not state to them what you have stated to them, that if one goes in at the age of 20 they will be paying 80 to 90 per cent. I would keep that back. If they are willing to do that, well and good.

That same inequality you are speaking of enters into life insurance, where a man lives to the end.

Mr. DANA. Yes; but when you are younger you pay less than the other man instead of more. Suppose that when you went in at 20 you had to pay as much as a man of 40?

Senator COLT. Why not, if they are satisfied that half and half pays the bill, give them half and half, and then amend your law when you find the defects in it?

Mr. JORDAN. We think it is fair.

Mr. GAINOR. We think it is a splendid thing.

Mr. DANA. May I suggest to you the history of this? At the very beginning there were a set of employees who had studied this question very thoroughly, and they had a committee, and they agreed to the contributory plan as best. Then that excited opposition immediately among people who had not studied into it so much, and they opposed that and wanted a direct pension and fought for a direct pension, and the thing was delayed for years because they wanted a direct pension. I know some employees who have studied the question very thoroughly who still believe, even for themselves, provided they have a proper salary, that the whole contributory system is the best.

The CHAIRMAN. I know; that may be true; but with the thing we have got now, while there may be differences of opinion on the part of employees, we have got the majority of all of them to agree to this particular system, and we stand in a solid phalanx when we go before Congress—and we expect to report this bill out in a few days, Senator Colt, with your help—and we have got in behind this system which the majority of us believe fair.

It seems to me that every man who is interested in a civil-service retirement bill, though this may not meet with his approval absolutely, could well get behind a system with the great majority.

Mr. DANA. May I make one more suggestion? President Taft had an efficiency commission appointed who took this matter up and went into it at that time scientifically, and had hearings of employees and employers, of the heads of the Government, and of business men, and they had people of every sort before them, and Profs. Willoughby and Goodenough were on that commission, and they are both here, accessible, and I wish this committee could hear them.

The CHAIRMAN. I think we have heard them. We have held the most elaborate hearings.

Mr. DANA. With the employees.

The CHAIRMAN. Oh, no; we have had Government officials. We held these hearings a year ago, and I do not know whether these two professors you name were there or not, but we have had every kind of opinion before us.

Senator COLT. How long has this committee had this before it?

Mr. JORDAN. A year and a half. The hearings started last August.

The CHAIRMAN. We have held hearings and have gotten figures, and we have gotten our own efficiency bureau to examine into it, and as I understand, the material thing with me always was this: Would the 5 per cent secure the annuities provided by this bill, and we have been assured by the efficiency bureau that it will; and having gotten that far along, it looks to me like it is inevitable that the only thing for the friends of retirement to do is to pass this bill.

Mr. DANA. Those gentlemen have not been heard.

The CHAIRMAN. We will hear them if they desire to be heard.

Senator COLT. When did you propose to report the bill?

The CHAIRMAN. Within the next few days. I have seen every member of the committee, and I do not believe there is a dissenting voice. Senator Colt was out of the city when we went over it before.

Senator COLT. Yes.

The CHAIRMAN. He has very emphatically spoken his mind this morning.

Senator COLT. I was so in favor of the bill that I did not think I cared to hear anything on it.

The CHAIRMAN. Every member of the committee has said that, and we were in hopes that the Civil Service Retirement League would take that view of it; that if there are inequalities in it they would undertake to get those ironed out later instead of delaying indefinitely; and if we waited to get what you would call a perfect measure, that is what would have to be done.

Mr. DANA. Oh, yes; certainly.

The CHAIRMAN. We know in practical life——

Mr. DANA. There is nothing perfect.

The CHAIRMAN (continuing). There is nothing perfect, and we have got to iron out those things later, and I sincerely wish we could have the indorsement of your organization.

Senator COLT. Why not take up that bill section by section and state in a few words just what you object to and what modifications you suggest?

Mr. DANA. Our objections are really fundamental rather than in detail.

Senator COLT. Then I would like to understand you, because I can not, quite.

Mr. DANA. Yes.

Senator COLT. You believe in the contributory system, do you not?

Mr. DANA. Yes.

Senator COLT. But you do not believe in the half and half?

Mr. DANA. Yes.

Senator COLT. There is where you differ from this bill?

Mr. DANA. Yes; and also the flat contribution of 2.5 per cent, regardless of age, I believe will bring this down——

Senator COLT. Would you believe in more contribution than this bill calls for or less?

Mr. DANA. More contribution.

Senator COLT. More contribution on the part of the employees?

Mr. DANA. Yes.

Senator COLT. Well, there I would differ.

Mr. JORDAN. We can not stand any more with our present salaries.

Senator COLT. Yes. Now, you have studied this question 50 hours where I have one second, and I would not for a moment put my opinion before yours in matters of detail; but, as Senator McKellar has said, these questions of legislation are matters of compromise when it comes to what you can actually do. They are not what we hope to do. We hope to carry out these great American ideas in this sad world, and we will try; but, practically, can we? Now, here is this situation. You have got an agreement, and you have got all these employees so that they are willing to the half and half. There would not be anything, I believe, that would induce them to go beyond that. Let us give them a bill that is satisfactory. It has now reached a stage, after hearing, where they feel that something ought to be done. I have letters in regard to this every day. There is rank injustice in the present situation, so far as these old people are concerned, when we are doing so much for so many others—military

men—you know. They are also serving the Government. And if you talk of Germany and her efficiency, it is her method and her efficiency in taking care of her people, and her good faith, and her strong hold on her people is because she has always protected her workmen. When a man's work failed, if he was able to work and could not get work the Government gave him work and paid him anyway; and the devotion of the people to the Hohenzollerns to-day is due to the fact that they have put all the people on a reasonable living basis. That is what makes the strength of that autocracy to-day. I believe with Lloyd George that if there is anything good in Germany we should take it, we should adopt it.

Mr. DANA. Now, as to the details, and the criticism of the bill, if you assume that this bill ought to go through in this shape the suggestions that have been made from the Bureau of Efficiency, I think, involve a great improvement in details, in ironing out things that are incorrect, and will partially remove and remedy conditions objected to; and as they have got those things in and are willing to support them I will not take up your time on that. Dr. Maddrill has come to explain those figures, and he will give them to you in better detail than I would, and I can look them over, and I think we can approve them on this bill right straight through without affecting fundamentals; and all I can say is that if by any chance the bill should not pass in this session I hope we can have a plan of campaign that will get the employees back where their original committee was and where we think we have got a better system both for them and for the Government. That is all I can say.

The CHAIRMAN. We are very much obliged to you for coming down. We are glad to have heard you. Will you give us the names of those two gentlemen you wanted heard?

Mr. DANA. Prof. W. W. Willoughby is director of research, and Prof. Frank J. Goodenough is of Johns Hopkins University.

The CHAIRMAN. We will now hear Dr. Maddrill.

STATEMENT OF DR. J. D. MADDRILL, ACTUARY, UNITED STATES BUREAU OF EFFICIENCY.

Mr. MADDRILL. A number of references were made to-day to suggestions of the Bureau of Efficiency intended to smooth out irregularities existing in the bill. It is a fact that this flat-rate assessment plan, as Mr. Dana has said, is not anywhere accepted as an actuarially sound method of accounting or casting up the equities as between the buyer and the provider of the benefits. So the first suggestion made in this proposed amended form of the bill, which I understand you desire to have printed, Senator—

The CHAIRMAN. Yes.

Mr. MADDRILL (continuing). Is that that flat rate be applied as far as it goes to purchase value received for value given. The first part of the annuity, as provided for in this proposed plan, is just the annuity purchased by the actual 2.5 per cent deductions made from the individual's salary.

As the Government receives a benefit from the retirement of the superannuated employee, a second part of the annuity is proposed to be furnished at a flat rate, depending upon the number of years of

service of the employee, which is computed to be equal when cast over the entire group of beneficiaries, to about 50-50. The amount of that flat contribution would have to be, in order to fulfill that requirement, about \$6 for each year of service. A maximum of 30 years was put upon the service period to be so rewarded; with the thought that the Government would have no point in urging the continuance of an employee after 30 good years of service.

A third part of the annuity is proposed on this ground, that at the passage of the bill the employees in the service will have had no opportunity to make contributions, and if the annuity were to consist only of the first two parts just mentioned the employee in the service would get a very inadequate benefit. So it is proposed to add to the annuity a third part, made up of \$6 for each year of service prior to the bill becoming effective. Perhaps \$12 would have been wiser here in this third part. In normal times \$6 would have worked out more equitably as between employees making and not making deductions. But these are not normal times, and \$12 will not more than meet absolute need.

The CHAIRMAN. Doctor, let me ask you this: The present plan which provides that one-half is to be paid by the employee and returned if he leaves the service; that is fair to him, I should think, regardless of whether he paid 1 per cent or whether he paid even 2.5 per cent, so that there is no inequity on that, as to those who leave the service, is there?

Mr. MADDRILL. I am glad of an opportunity to speak on that point. Mr. Dana's suggestion that the entire cost be paid by the employee is predicated upon the assumption that the employee is receiving an adequate salary, and that then, if he retires at any time, his entire contribution can be returned to him with interest, and the deal will be exactly equitable. There has been great objection raised to the deferring of a benefit, on the ground that in some way there is bound to be a reduction in the amount of salary received because of the fact that a benefit is later to be received by the employee, provided he lives long enough to get it. Mr. Dana's suggestion to eliminate that whole argument against deferred pay requires that the entire contribution be made by the employee, and that at his separation he shall get back his entire equity.

Mr. JORDAN. You do not mean equity; you mean his entire contribution with the interest added, do you not?

Mr. MADDRILL. That is what I meant by his equity.

The CHAIRMAN. Doctor, you do not feel that there is any doubt about 5 per cent being sufficient to pay the annuities provided for in this bill, do you?

Mr. MADDRILL. Five per cent will cover the annuity as provided in the proposed plan.

Mr. JORDAN. But not in this one?

Mr. MADDRILL. It will be five and a fraction in this one.

The CHAIRMAN. I thought you stated before that 5 per cent would cover it.

Mr. MADDRILL. My statement was that the 5 per cent would come within a few tenths of 1 per cent.

Mr. JORDAN. It can be referred to still as a 5 per cent bill.

Mr. MADDRILL. It can be referred to still as a 5 per cent bill.

The CHAIRMAN. Is it not perfectly apparent that with men who have been in the service 40 years, or like one lady who spoke to me, who I think told me she had been in the service 53 years—

Mr. BEACH. There are some in the pension service who have been in service over 50 years.

The CHAIRMAN (continuing). And with others just coming into the service, 20 and 21 years of age, is it not evident that it is perfectly impossible to get a system that will work satisfactory at all?

Mr. MADDRILL. I believe it is. Let me state, as my creed on this matter, that I believe that the individual should receive an adequate salary, and that having received an adequate salary, he should provide entirely for his old age.

The CHAIRMAN. That is true, but we have here a condition and not a theory which confronts us.

Mr. MADDRILL. With that in view, I recommended a changed form of the bill for the earnest consideration of your committee, and if you see fit, for presentation to the Senate—to Congress.

The CHAIRMAN. From such examination as I have been able to give to the amended proposition, as suggested by you, it introduces many complications that it will be very hard for the legislative mind to understand. In other words, it will take an expert explanation, and it is going to be very difficult to get that into the legislative mind under any circumstances. The present bill is absolutely so simple that anybody can understand it. Here the employees are going to contribute half and the Government is going to contribute half, and the pensions provided are fairly equitable. At any rate, all of the employees are willing to contribute on this system that they understand themselves; it has perfectly plain terms; they know exactly what they are going to get. It does not take an expert to explain what they are going to contribute and it does not take an expert to explain what they are going to get. They can look at the terms of the bill and see what they are going to get and they can look at the terms of the bill and know exactly what they are going to contribute. Why is not that the best system in the world under the particular conditions that confront us?

Mr. MADDRILL. May I suggest this, that there are several defects in the bill, which I have pointed out, that seem to me to be fatal? One of them is this—

The CHAIRMAN. Now, you have changed your mind about this, Doctor, have you not, since you testified about it in the beginning?

Mr. MADDRILL. No, Senator.

The CHAIRMAN. Because, as I understood, when you brought us the last figures on it before its introduction you believed, that this bill was a very fair measure, looked at from the half-and-half basis, and one that was practical and that Congress might well pass. Now, why have you changed your views about it?

Mr. MADDRILL. May I respectfully say, Mr. Chairman, that my views have not changed?

The CHAIRMAN. Yes.

Mr. MADDRILL. My relation to the bill has changed somewhat. It seems to me now that I am put in the position of one who really is made responsible for proposed economic provisions which I could not feel that I would like to be sponsor for. One of them, for example,

is this: After my suggestions were made with regard to the bill the \$50 maximum deduction was struck out, against my protest. That struck me as absolutely unfair to the employees—not, of course, of the lower salaries, but of the higher salaries. The bill as now printed proposes to take from the higher-paid employee twice what he would pay to an insurance company which receives the expenses of doing its business and a profit.

The CHAIRMAN. If he is willing to do that, why should outsiders complain?

Mr. MADDRILL. I doubt, Mr. Chairman, from my observation and from what has come to me, if he is willing.

The CHAIRMAN. I beg to take issue with you, Doctor. They have sent their representatives here, who all say they are in favor of it; and I believe I have gotten one letter—there may have been two, but I think only one letter—that disapproves of the bill.

I will say that since this bill has been published it has been given wide distribution; the print has been exhausted, and we have had to have new editions of it printed and sent out, and I have applications for it at all times, and I get many letters about it, all of which have been of approval except one from some gentleman here in the city, whose name I do not now recall, who disapproves of it on a number of grounds; and practically all of them approve of it regardless of how much they contribute and how much they do not; and here are all their representatives here who are approving it, and these representatives would not approve it unless the men behind them did approve it.

Mr. JORDAN. That is right.

The CHAIRMAN. We know that from actual experience; and I am not going to approve anything here for these people unless they are behind it.

Mr. MADDRILL. Mr. Chairman, may I question whether the employees of the salaries above \$2,000 have really had this brought to their attention? The representatives here, I think it should be stated in justice to themselves and to my former statement, are voicing the attitude of the employees who are not receiving the higher salaries.

The CHAIRMAN. Now, the argument that you made, that it does bear a little harder on the higher-salaried employees, and therefore works an inequity, is to my mind the strongest argument in its favor. I have always believed that those of us who are a little better off should contribute a little more to the Government in the way of taxes.

Mr. RYAN. If I may be permitted right now, is it not also true that there is the absolute guaranty in the bill that every 5-cent piece that anybody contributes goes back to the contributors or their legal heirs?

The CHAIRMAN. That is true.

Mr. MADDRILL. Let me say this: That when the higher-paid employee makes his contribution he does not do it to the benefit of the lower-paid employee.

The CHAIRMAN. To whose benefit is it? I do not see how it could benefit anybody else. If it does not benefit the higher-paid employees, I do not see how it could possibly benefit anybody else except the lower-paid employees.

The time has come when I must go over to the Senate. I will tell you, Doctor, if you want to be heard further on this I will be glad to hear you.

Mr. MADDRILL. I do want to be heard further. Let me close with this statement to-day: That I believe the chances of passage of the bill would be very much improved if you gentlemen would seriously consider it in the form in which it has been presented by me, after it has been analyzed by the experts of Mr. Dana.

Mr. ALCORN. After Dr. Maddrill has submitted what he wants to submit here, I would like to be heard.

RETIREMENT OF EMPLOYEES IN CLASSIFIED CIVIL SERVICE.

FRIDAY, SEPTEMBER 13, 1918.

UNITED STATES SENATE,
COMMITTEE ON CIVIL SERVICE AND RETRENCHMENT,
Washington, D. C.

The committee met at 11 o'clock a. m., Senator Kenneth D. McKellar presiding.

Present: Senator McKellar (chairman).

The committee resumed the consideration of the bill (S. 4637) for the retirement of employees in the classified civil service.

The CHAIRMAN. We will now hear Dr. Maddrill.

STATEMENT OF DR. JAMES D. MADDRILL—Resumed.

The CHAIRMAN. Dr. Maddrill, I want to ask you if you have made a report; and if so, will you make it a part of these proceedings and mark it "Exhibit A"?

Dr. MADDRILL. I have made such a report and I herewith file the introductory text of it as Exhibit A.

(The report referred to is here printed in the record, as follows:)

EXHIBIT A.

ACTUARIAL REPORT OF THE UNITED STATES BUREAU OF EFFICIENCY.

The earliest computations were made on a form of the bill not actuarially drawn, which placed the ages of eligibility for retirement at 62 and 65, and included a provision for retirement in the event of disability at any earlier age. At the boundaries of four defined service classes, pronounced changes were to be made in the amount of pension to be granted. The amounts of pension were to range up to half the salary, but not to exceed \$600. The deductions from salary were not to exceed 2 per cent.

Upon the showing that the proposed deductions would meet but about one-quarter of the cost, the representatives of the employees, after informal conferences with Senator McKellar, proposed that the deductions to be withheld from the salaries be fixed at 2 per cent.

As it was the view of Senator McKellar, chairman of the committee, that the benefit accruing to the Government by the retirement of the superannuated may be considered about equal to that accruing to the employees retired, he agreed to present the bill if it could be so modified that its total cost in the case of new employees would be 5 per cent, or very nearly 5 per cent, of the salaries.

It was shown that dropping the disability provision altogether and increasing the proposed ages of eligibility by three years—that is, to 65 and 68 respectively—would very nearly result in the prescribed equal distribution of the cost between the Government and the employees. These changes were made in the bill (S. 4637) as it was presented on June 3, 1918, in the Senate by Senator McKellar and in the House by Representative Keating.

There was added the provision that in no event should the entire return to the employee, in the form of annuities, or in one sum in case of his withdrawal prior to eligibility age, be less than the total of the deductions withheld from his salary, accumulated at 4 per cent compound interest up to the time of his separation from any cause. This feature had the effect of increasing the total cost of the bill by about three-tenths of 1 per cent of the salary.

In its earliest form the plan provided rather wisely, as the bill stood, that the deductions should in no case exceed \$50. This limitation should not have been removed. Without it, employees of higher salaries would be required to contribute amounts in some cases twice as great as insurance carriers charge for the same benefits. This excessive charge, contrary to the intention of those who recommended the removal of the limitation, does not benefit employees of lower salaries. It simply is overcharged during the service period of the employee, to be returned to him or to his estate later with interest. In too high a proportion of cases this would be merely compulsory insurance.

The actuary has hesitated to propose changes in the underlying principles of the bill and has been mindful that it was the function of the Bureau of Efficiency rather to calculate the relative cost of such bills as were referred to it than to propose modifications of the economics of the bills. Believing that with adequate scales of compensation it is proper to expect every man to provide for his own future, and desiring to call attention to the fact that the old suspicion of "deferred pay" is bound to attach to any plan proposing that the receipt of the Government's contribution be contingent upon the employees' attaining eligibility age, he, nevertheless, feels it his duty to adhere to the fundamentals of the bill laid before him, but would consider his obligations only partly fulfilled if he were to fail to suggest such adjustments within the plan as appear to him highly desirable and in several cases necessary.

A plan may be said to be actuarially sound if it provides that the employee shall in any event receive the full value of his contributions, and if, on conservative statistical bases, the Government is guaranteed against supplying deficits rising out of promises of greater benefits than can be purchased in the long run by the contributions that are made for the purpose of supplying the funds. It is strongly felt, however, that a more intimate relation should be established between the employee's contribution and the part of the benefit that it is to purchase. So far as this relationship is set up, exact equity exists as between employees, for they get back, in this respect, precisely what is their own. The same sense of equity prompts the thought that the Government's contribution, so gauged as in the aggregate to provide half the cost of pensions, might be made on some flat basis, probably, irrespective of salary and determined by length of faithful service rendered.

DR. MADDRILL. I have therefore brought to you, Senator, the form of the proposed bill which you sent to me, with modifications which I believe to be necessary.

(The bill and summary is here printed in full, as follows:)

A BILL For the retirement of employees in the classified civil service.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, beginning on the first day of July, nineteen hundred and nineteen, all employees in the classified civil service of the United States who have on that date or shall have on any date thereafter rendered at least fifteen years of service, computed as prescribed in section four of this act, and reached the age of sixty-eight years shall be eligible for retirement on an annuity as provided in section three hereof: *Provided,* That the age of eligibility for retirement of city and rural letter carriers, railway postal clerks, and mechanics in any branch of the civil service shall be sixty-five years: *Provided further,* That postmasters shall not be included in the provisions of this act. A person shall be deemed to have attained the age of eligibility for retirement at the expiration of the date preceding the anniversary of the birth of such person.

That the provisions of this act shall include employees of the Library of Congress and the Botanic Gardens, excepting such persons as may be appointed by the President and confirmed by the Senate, and may be extended by Executive Order, upon recommendation of the Civil Service Commission, to include any employee or group of employees in the civil service of the United States not

classified at the time of the passage of this act. The President shall have power, in his discretion, to exclude from the operation of this act or include therein any employee or group of employees whose tenure of office is intermittent or of uncertain duration.

SEC. 2. That, beginning on the first day of July, nineteen hundred and nineteen, there shall be deducted and withheld from each payment of salary, pay, or compensation, exclusive of bonuses, of each person to whom this act applies a sum equal to two and one-half per centum thereof. The Secretary of the Treasury shall cause the said deductions to be withheld from all specific appropriations for the particular salaries or compensation from which the deductions are made and from all allotments out of lump-sum appropriations for payments of such salaries or compensation for each fiscal year, and said sums shall be transferred on the books of the Treasury Department to the credit of a special fund, to be known as the Civil Service Retirement Fund, and shall be credited together with interest thereon at four per centum per annum, compounded annually, to the individual account of the employee from whose salary, pay, or compensation the deduction was made.

SEC. 3. That every employee who shall be retired under the provisions of this act shall during the remainder of his or her life receive from the civil-service retirement fund and the moneys hereinafter appropriated from the Treasury:

(a) The annuity which the sum credited to his or her individual account upon actual retirement purchases at the eligibility age, sixty-five or sixty-eight as the case may be, on the basis of such annuity tables as the Secretary of the Treasury may prescribe.

(b) A sum of \$6 annually for each completed year of his or her entire service not in excess of thirty years.

(c) An additional sum of \$6 annually for each completed year, if any, of service rendered prior to July first, nineteen hundred and nineteen.

For the month in which the employee may have become separated from the service, no annuity shall be paid. Thereafter the payment of the annuity shall depend upon the conditions existing on the first day of the month in which the annuity shall accrue, and if the former employee receiving such annuity shall die prior to the last day of the month, one full month's annuity shall be paid for the month in which such employee shall have died. The disbursement of such last-named annuity and any check payable to a former employee who may have died prior to receiving the amount thereof, shall be made to such person or persons and in such manner as may be prescribed by regulations to be made by the Secretary of the Treasury.

SEC. 4. That for the purpose of this act and subject to the provisions of section eight hereof the period of service of an employee in the classified civil service shall be computed from original employment, whether as a classified or unclassified employee in the civil service of the United States, and shall include periods of service at different times and services in one or more departments, branches, or independent offices of the Government, and shall also include service performed under authority of the United States in any capacity, civil, military, or naval overseas and honorable service in a military or naval capacity in the Army, Navy, Coast Guard, or Marine Corps of the United States, either regular or volunteer overseas or in the United States: It is further expressly provided that amounts of pension or compensation which under existing law have or shall have become payable on account of injury received in the service of the Government, military, naval, or civil, shall be deemed to be payable not for service rendered but for injury received and shall not, except as required by existing law, be deducted from the amounts of pension provided under this act.

It is further provided that in computing length of service for the purposes of this act periods of separation from the service shall be excluded, and that in the case of a substitute city carrier, postal clerk, or railway postal clerk, only periods of active occupation in the duties for which he or she was employed shall be included.

SEC. 5. That all employees to whom this act applies shall, on arriving at the age of retirement as defined in section one, be automatically separated from the service; *Provided*, That if not less than ninety days before the arrival of an employee at the period of retirement the head of the department, branch, or independent office of the Government in which he or she is employed certifies to the Director of the Bureau of War Risk Insurance that by reason of his or her efficiency and his or her willingness to remain in the civil service of the United

States the continuance of such employee therein would be advantageous to the public service, such employee may be retained for a term not exceeding two years, upon certification by the Director of the Bureau of War Risk Insurance, such certificate to be issued not less than seventy days before the arrival of the employee at the period of retirement; and at the end of the two years he or she may, by similar certification, be continued for an additional term of two years, and so on: *Provided, however,* That from and after January first, nineteen hundred thirty, no employee in the civil service of the United States who may at that time, or may at any time thereafter, have remained in the civil service of the United States for more than four years beyond the age of eligibility for retirement specified in section one hereof, shall be continued in the civil service of the United States.

SEC. 6. That each employee who may become eligible for retirement as provided in this act shall, not less than fifty days before arrival at the period of retirement, file with the Director of the Bureau of War Risk Insurance, in such form as he may prescribe, an application for an annuity.

An application for retirement and annuity made after an application for retention in the civil service shall not be construed as a waiver of the application for such retention.

Upon receipt of satisfactory evidence, the Director of the Bureau of War Risk Insurance shall forthwith adjudicate the claim of the applicant, and, if right to an annuity be established, a proper certificate shall be issued to the annuitant under the seal of the Treasury Department, and such certificate shall become evidence of the right of the annuitant to the annuity as therein defined.

SEC. 7. That every employee to whom this act applies who shall continue in the classified civil service after the passage of this act, as well as every person to whom this act applies who may hereafter be appointed to a position or place, shall be deemed to consent and agree to the deductions made and provided for herein, and payment with such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services rendered by such person during the period covered by such payment, except his or her claim for the benefits to which he or she may be entitled under the provisions of this act, notwithstanding the provisions of sections one hundred sixty-seven, one hundred sixty-eight, and one hundred sixty-nine of the Revised Statutes of the United States, and of any other law, rule, or regulation affecting the salary, pay, or compensation of any person or persons employed in the civil service to whom this act applies.

SEC. 8. That upon the transfer of any employee from unclassified to classified status, or upon the reinstatement of a former employee to the service, credit for such past service or for any part thereof shall be granted only upon the payment to the Treasurer of the United States, within ninety days of such transfer or reinstatement, of the amount of such deductions with interest as provided in this act as would have been made for the periods of actual service or parts thereof for which credit is to be given. Interest shall not be computed, however, for periods of separation from the service.

SEC. 9. That in the case of an employee in the classified civil service of the United States who shall be transferred to an unclassified position, and in the case of an employee to whom this act applies who shall become absolutely separated from the service before reaching the retirement age the total amount of deductions of salary, pay, or compensation with accrued interest computed at the rate of four per centum per annum compounded annually, shall, upon application, be returned to such employee; and in the event of the death of an employee before he or she shall have received in annuities an amount equal to the total amount of the deductions from his or her salary, pay, or compensation, together with interest computed annually on the unreturned balance thereof at four per centum per annum compounded annually up to the time of his or her death, the amount of the said unreturned balance shall be disbursed to such person or persons and in such manner as may be fixed by regulations to be prescribed by the Secretary of the Treasury.

SEC. 10. There is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, a sum which, when added to the deductions herein provided and transferred from other appropriations under the provisions of this act, shall be sufficient to make payments provided by this act: *Provided,* That the Secretary of the Treasury is hereby authorized and empowered to invest, from time to time, in interest-bearing securities of the United States, such portions of the Civil Service Retirement Fund, hereby created, as in his judgment may not be immediately required for the payment of annuities,

refunds, and allowances as herein provided, and the income derived from such investments shall constitute a part of said fund for the purpose of carrying out the provisions of section nine of this act.

The Secretary of the Treasury is hereby authorized and empowered in carrying out the provisions of this act to establish special funds supplementing individual contributions by the employees and to receive, invest, and disburse for such purpose all moneys in the form of donations, gifts, legacies, bequests, or otherwise, which may be contributed by private individuals or corporations or organizations for the benefit of the civil-service employees generally or any special class of employees.

SEC. 11. That for the purpose of administration, except as otherwise provided herein, the Director of the Bureau of War Risk Insurance, under the direction of the Secretary of the Treasury, be, and is hereby, authorized and directed to perform, or cause to be performed, any and all acts and to make such rules and regulations as may be necessary and proper for the purpose of carrying the provisions of this act into full force and effect.

SEC. 12. That payment of annuities, refunds, and allowances as herein provided shall be made by the disbursing clerk for the Bureau of War Risk Insurance, and with the approval of the Secretary of the Treasury, checks in payment of annuities may be drawn without separate vouchers or receipts, but in such form as to protect the United States against loss: *Provided*, That vouchers shall be required in all cases in which payments of annuities, refunds, or allowances are to be made to any person or persons other than the annuitants, and in all other cases in which the Secretary of the Treasury may deem it necessary.

SEC. 13. That annuities as herein provided shall be paid monthly, and checks shall be issued and mailed to the last known address of the annuitant on the first business day of the month succeeding the month in which the annuity becomes due: *Provided*, That where an annuitant is laboring under legal disabilities the annuity in such cases may be paid to the duly appointed guardian.

SEC. 14. That it shall be the duty of the head of each executive department and the head of each independent establishment of the executive branch of the Government not within the jurisdiction of any executive department to report to the Bureau of War Risk Insurance in such manner as said bureau may prescribe, the name and grade of each employee to whom this act applies in or under said department or establishment who shall be at any time in a nonpay status, and the amount of salary, pay, or compensation lost by the employee by reason of such absence. The Bureau of War Risk Insurance shall keep such record of appointments, transfers, changes in grade, separations from the service, and losses of pay as shall enable it at all times to determine accurately the amount of salary, pay, or compensation deducted and withheld from any individual under the provisions of this act.

SEC. 15. That the Secretary of the Treasury shall prepare and keep all needful tables, records, and accounts required for carrying out the provisions of this act, including data showing the mortality experience of the officers and employees in the service and the rates of withdrawal from such service, and any other information that may serve as a guide for future valuations and adjustments of the plan for the retirement of officers and employees. The Secretary of the Treasury shall make a detailed comparative report annually to the Congress showing all receipts and disbursements, together with the total number of persons receiving annuities and the amounts paid them.

SEC. 16. That none of the moneys mentioned in this act shall be assignable, either in law or equity, or be subject to execution, levy, or attachment, garnishment, or other legal process; but they shall be liable for the payment of any tax or obligation owing the United States incurred through any breach of duty arising in the course of his or her employment with the United States by the employee from whose salary, pay, or compensation such deductions shall have been made, or on whose account such annuity may have accrued.

SEC. 17. That for clerical and other services and all other expenses necessary in carrying out the provisions of this act, there is hereby appropriated the sum of \$100,000, out of any moneys in the Treasury not otherwise appropriated, which sum shall be immediately available and continue available until the end of the fiscal year next after the passage of this act; thereafter the Secretary of the Treasury shall include in his annual estimates of appropriations a sum sufficient to continue this act in full force and effect.

SEC. 18. That all laws and parts of laws inconsistent with this act are hereby repealed.

SUMMARY OF PROVISIONS OF RETIREMENT BILL.

Section 1. Classified civil employees covered. Postmasters excluded. Library of Congress and Botanic Garden employees included, except presidential. Executive order may cover in employees not now classified. President may exclude or include employees of intermittent or uncertain tenure. Eligibility for retirement: Service at least 15 years. Age 65 for mechanics, city and rural letter carriers, railway postal clerks. Age 68 for others.

Section 2. Deductions, $2\frac{1}{2}$ per cent of pay. Withheld from salary appropriations. Transferred on Treasury books to Civil Service Retirement Fund. Credited to individual account at 4 per cent compound interest.

Section 3. Life pension provided: (1) Annuity purchased by deductions. (2) Six dollars for each year of service, not exceeding 30 years. (3) Six dollars for each year of service prior to effective date of bill.

Section 4. All United States Government service counted (subject to section 8 deduction adjustment if necessary). Military or naval service counted. Compensation for injury received in service of United States conserved to employee. Periods of separation not counted. The substitute postal employees covered credited with only periods of active employment.

Section 5. Successive two-year continuances. Upon certification by head of department or branch, at least 90 days prior, of efficiency; and approval by director of Bureau of War Risk Insurance at least 70 days prior. From and after January 1, 1930, absolute age limits 69 and 72.

Section 6. Application for annuity unless retained under section 5. Made to Director Bureau of War Risk Insurance, at least 50 days prior to retirement. Treasury Department certificate as to right to annuity.

Section 7. Continuance or employment deemed consent to deductions. Return of deductions and payment of pensions to be full acquittance of claims for service.

Section 8. Deductions at interest to be made up for credit desired for service for which deductions had not been made.

Section 9. Total return to employee or legal representatives in no case less than total deductions accumulated at 4 per cent interest.

Section 10. Appropriation of amounts sufficient to make payments provided by act. Secretary of the Treasury to invest funds not immediately payable, including any donations received.

Section 11. Administration by Director Bureau of War Risk Insurance.

Section 12. Payments made by disbursing clerk for Bureau of War Risk Insurance in such form as to protect United States against loss.

Section 13. Annuities payable monthly.

Section 14. Records of appointments, transfers, separations, nonpay periods, and pay thus lost to employee. Head department or branch to report. Director Bureau of War Risk Insurance to record.

Section 15. Secretary of Treasury to keep all other needful tables and records for future valuations or adjustments. To report annually to the Congress on condition of the fund.

Section 16. Moneys not assignable or attachable.

Section 17. Appropriations for clerical and other services: \$100,000 first year, then such sums as necessary.

Section 18. Repeal of inconsistent law.

The CHAIRMAN. Doctor, I have asked you for figures as to the cost of what is known as the McKellar bill, S. 4637. Will you file those figures as to the cost and make that Exhibit B?

Dr. MADDRILL. I herewith set out the figures referred to as Exhibit B.

EXHIBIT B.—Cost of benefits as percentages of total salary accumulations.
Applying to new entrants.

[McKellar-Keating bill (S. 4637, H. R. 12552).]

MECHANICS, CITY AND RURAL LETTER CARRIERS, AND RAILWAY POSTAL CLERKS.

Actual dis-tribution of persons elig-ible for pen-sion (without retirement plan).	Ex-pected per-centage distri-bution of ad-herents with retire-ment plan.	Age (last birthday) at entry.	Retiring—		Average salary the 10 years pre-ceding as-sumed re-tirement age (col. 5) under individual— A: \$3600=50 per cent; B: \$5400=40 per cent; C: \$4800=30 per cent; D: \$4200=25 per cent).	Average annual pension— A: 50 per cent (8); B: 40 per cent (8); C: 30 per cent (8); D: 25 per cent (8).	Average total sal-ary from entry to retire-ment ac-cumulated at 4 per cent.	Annuity of 1 per annum for n years at 4 per cent interest compounded an-nually—		Dis-counted value of life an-nuity of 1 per an-num, be-ginning at the end of the nth year from now.	Cost to Govern-ment (as per cent of individual's life pen-sion of (9) following (guar-anteed) re-turn of in-dividual's contribu-tions in any case) (15)×(14) (10)	Total cost of (10) of expected average total per cent cost under ultimate separa-tion rates (3)×(16).				
			At as-sumed aver-age age.	After serv-ice of (years)—				Payable monthly 0.025×(10) (9)	Payable annually 0.9821×(11)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1	0.4	0.6	Under 17.	67	50 or over.	A	\$1,167	\$584	\$197,086	8,437	8,286	10.27	1,627	0.48	2.98	0.02
5	2.2	2.9	17 to 21...	67	45 up to 50.	A	1,109	554	171,324	7,731	7,593	9.23	1,984	0.64	3.14	0.09
22	9.8	12.3	22 to 26...	67	40 up to 45.	A	1,044	522	134,451	6,439	6,324	7.44	2,729	1.06	3.56	0.44
22	9.8	11.6	27 to 31...	67	35 up to 40.	A	1,022	511	103,176	5,047	4,957	5.64	3,663	1.81	4.31	0.50
38	17.0	18.7	32 to 36...	67	30 up to 35.	A	984	492	77,578	3,941	3,870	4.29	4,497	2.85	5.35	1.00
46	20.6	20.8	37 to 41...	67	25 up to 30.	B	1,033	413	56,614	3,426	3,365	3.69	4,909	3.58	6.08	1.26
16	7.1	6.5	42 to 46...	67	20 up to 25.	C	1,088	326	40,608	3,114	3,058	3.33	5,168	4.16	6.65	0.43
74	33.1	26.6	47 to 53...	67 to 69	15 up to 20.	D	1,125	281	26,120					6.06	8.56	2.28
224	100.0	100.0	Expected average cost of benefits to this group as percentage of total salary accumulation of the group.													6.02
OTHER PERMANENT CIVIL EMPLOYEES THAN MECHANICS, CITY AND RURAL LETTER CARRIERS, AND RAILWAY POSTAL CLERKS.																
9	2.0	2.6	Under 20.	70	50 or over.	A	\$1,066	533	\$198,580	9,313	9,146	11.62	0,856	0.23	2.73	0.07
26	5.9	7.3	20 to 24...	70	45 up to 50.	A	1,068	534	172,245	8,064	7,920	9.72	1,329	0.41	2.91	0.21
39	8.8	10.4	25 to 29...	70	40 up to 45.	A	1,028	514	136,260	6,626	6,507	7.69	2,028	0.76	3.26	0.34
43	9.8	11.1	30 to 34...	70	35 up to 40.	A	965	478	101,534	5,310	5,215	5.97	2,805	1.32	3.82	0.43
54	12.3	13.1	35 to 39...	70	30 up to 35.	A	908	454	74,416	4,087	4,024	4.48	3,643	2.22	4.72	0.62
65	14.7	14.7	40 to 44...	70	25 up to 30.	B	944	378	53,752	3,556	3,492	3.84	4,050	2.85	5.35	0.79
80	20.4	18.9	45 to 49...	70	20 up to 25.	C	967	290	38,338	3,303	3,244	3.55	4,247	3.21	5.71	1.08
115	26.1	21.9	50 to 56...	70 to 72	15 up to 20.	D	912	228	24,675					4.27	6.77	1.48
441	100.0	100.0	Expected average cost of benefits to this group as percentage of total salary accumulation of the group.													5.01

Expected general average, 5.4 per cent.

The CHAIRMAN. Dr. Maddrill, have you made a statement as to the estimated receipts in the form of deductions from employees' salaries, for the first six years, and the disbursements upon withdrawals prior to pension age, the pensions, and guaranteed returns to pensioners, and the differences in these figures; and if so, will you file the same as Exhibit C to this hearing?

Dr. MADDRILL. I herewith file a statement along those lines.

(The statement referred to is here printed in full, as follows:)

EXHIBIT C.—*Estimated excess of amount of deductions over the amount paid upon withdrawal and as pensions and guaranteed returns to pensioners.*

[McKellar-Keating bill (S. 4637, H. R. 12352).]

Fiscal year ending July 1.	Receipts in the form of deductions.	Disbursements upon withdrawals prior to pension age.	Pensions and guaranteed returns to pensioners.	Excess.
1920.....	\$9,000,000	\$400,000	\$1,772,000	\$6,900,000
1921.....	9,400,000	865,000	1,972,000	6,550,000
1922.....	9,500,000	1,340,000	2,154,000	6,000,000
1923.....	9,600,000	1,840,000	2,400,000	5,350,000
1924.....	9,700,000	2,360,000	2,589,000	4,750,000
1925.....	9,770,000	2,910,000	2,778,000	4,100,000

The amounts of pensions and guaranteed returns to pensioners can be computed for the first few years with fair confidence, for the reason that the portion of the service which they cover is probably not much affected by the present abnormal conditions. These payments are to be made not only from the Civil Service Retirement Fund but also from public moneys.

On the other hand, the amounts of the deductions to be received, following the passage of the bill, from the employees now in the service are just as indeterminate as the present size of the service itself. While the Bureau of Efficiency, in the course of other investigations, has been called upon to estimate the size of the present service, and has, perhaps, received as authentic information as can be furnished, the numbers assumed to be now in the service must be deemed conjectural. The amounts of deductions received and of disbursements upon withdrawals prior to pension age must, therefore, be taken as more or less uncertain approximations.

It seems hardly necessary to point out that the differences in the last column are not an index to the solvency of the scheme. They have no actual significance. The amounts in the first column are received to pay definite pensions mostly in the distant future, though they may, like savings deposits, be withdrawn from the account earlier. The amounts in the third column are combined costs to the Government and to the employee.

The CHAIRMAN. From these figures on Exhibit A, I notice that the percentage is a little more than 5 per cent. Generally speaking, do you think that 5 per cent of the salaries of the civil-service employees will pay for this system?

Mr. MADDRILL. Five per cent will very nearly cover the cost of this proposed bill as shown by these figures.

The CHAIRMAN. I now call your attention to Exhibit C, in which I notice that within the first six years the aggregate amounts received from the employees are very considerably in excess of the amount to be paid out in pensions and guaranteed returns to the annuitants, and to be paid out upon withdrawals prior to the pension age. Will you kindly explain this?

Mr. MADDRILL. The statement made following the table in Exhibit C practically covers these points, Senator. There I have endeavored to make it clear that the receipts in the form of deductions greatly exceed the gross payments to be made during the first few years of

the system. When all the employees at present in the service have retired the figures will show receipts and disbursements very nearly equal.

The CHAIRMAN. In other words, Dr. Maddrill, as I understand you, while for the first few years the aggregate amount received from the employees will very considerably exceed the amount paid out by the Government, still, as the years go by and the system continues in force, the amount that the Government pays will increase until the two will be about equal?

Mr. MADDRILL. That is true. I might add one thing more. This statement would be almost exactly true if no growth were to take place in the service, but as it is natural to assume that the service will always grow, the payments made in the form of deductions being made by the employees for benefits to be received by them many years hence will for that reason rather exceed payments paid out by the Government.

The CHAIRMAN. Some criticism has been suggested, that inasmuch as the United States Government now needs all its funds to carry on the war, it would not be wise to institute this system, which will cost the Government money, while the war is going on. As I understand these figures, instead of the Government having to pay out any money for the retirement system for the next few years, it will actually receive more money from the employees during the next few years than it will pay out in retirement pensions; is that correct?

Mr. MADDRILL. Of course, you understand that the moneys paid in by the employees actually belong to them, and accordingly, during the first few years of the system they could be regarded as a loan by the employees to the Government. In other words, the funds paid in by the employees are trust funds in the hands of the Government.

The CHAIRMAN. Dr. Maddrill, have you made a statement of figures in reference to this cost, and, if so, will you submit it for the record and mark it Exhibit D?

Mr. MADDRILL. I have made figures showing the calculation of the cost the first years of pensions and guarantees, and will mark the same Exhibit D and submit it herewith.

(The matter referred to is here printed in full, as follows:)

EXHIBIT D.—Cost of pensions and guarantees.

[McKellar-Keating bill (S. 4637, H. R. 12352).]

Fiscal year ending July 1—	Retiring July 1, 1919 (assuming bill will become effective then).			Retiring annually thereafter.						Combined cost by years.
	1,344 me- chanics, carriers, and rail- way postal clerks.	3,232 others.	4,576 civil employees.	Mechanics, carriers, etc.		Others.		Civil em- ployees.		
				Num- ber.	Cost.	Num- ber.	Cost.	Num- ber.	Cost.	
1920.....	\$549,200	\$1,183,300	\$1,732,500	.....	.....	.....	.....	.....	.....	\$1,732,000
1921.....	510,000	1,081,000	1,591,000	331	\$137,100	581	\$243,800	912	\$380,900	1,972,000
1922.....	471,100	980,700	1,451,800	340	226,900	605	475,300	945	702,200	2,154,000
1923.....	432,600	883,300	1,315,900	349	388,900	630	695,400	979	1,084,300	2,400,000
1924.....	394,700	790,000	1,184,700	358	503,100	657	901,200	1,015	1,404,300	2,589,000
1925.....	375,600	700,000	1,075,600	367	608,700	684	1,093,500	1,051	1,702,200	2,778,000
1926.....	321,500	614,500	936,000	376	710,200	712	1,273,400	1,088	1,983,600	2,920,000
1927.....	286,800	534,500	821,300	386	807,600	742	1,448,500	1,128	2,256,100	3,077,000
1928.....	253,800	460,000	713,800	396	901,000	773	1,618,800	1,169	2,519,800	3,234,000
1929.....	222,500	391,400	613,900	406	980,100	805	1,784,500	1,211	2,774,600	3,388,000

The CHAIRMAN. Have you prepared any statement as to the present size and the probable future growth of the service, and if so, will you submit it as Exhibit E for the record?

Mr. MADDRILL. I submit such a statement herewith, as Exhibit E.

EXHIBIT E.—Statistics of "Permanent" employees in the Civil Service of the United States.

Branch of service.	Number in service July 1, 1916.	Average age.	Average length of service (years).	Average basic salary.
All.....	263,152	39.9	10.3	\$1,138
Postal.....	139,070	39.3	10.6	1,172
City carriers.....	34,300	40.9	11.9	1,115
Postal clerks.....	43,050	36.7	10.7	1,134
Railway postal clerks.....	18,749	38.9	12.6	1,379
Rural carriers.....	42,971	40.8	8.6	1,184
Others.....	124,082	40.6	10.0	1,100
In District of Columbia.....	33,511	41.8	13.2	1,184
Male.....	24,322	41.9	13.1	1,318
Female.....	9,189	41.5	13.4	829
Elsewhere.....	90,571	40.1	8.8	1,069
Male.....	84,805	40.3	8.9	1,095
Female.....	5,766	36.8	6.7	684
Of these, mechanics.....	22,822	39.8	9.7	1,105

The foregoing statistics apply only to bona fide Government civilian employees the character of whose employment might properly be considered as permanent.

Temporary employees, and those rendering only part-time or seasonal service, or whose appointments are for definite periods of less than a year, or until the completion of particular constructional jobs, etc., have been excluded. These numbered approximately 250,000 in 1916.

To the regular service of postal employees shown in the table must be added an average substitute service of about two years in the case of city carriers, and about one year in the case of postal clerks or railway postal clerks.

The local navy yard, like the local post office, is treated as part of the general service and has been included under "Elsewhere" rather than "In the District of Columbia."

The decennial censuses indicate a population growth of about 2 per cent annually. In the five-year period just preceding July 1, 1916, the growth of the Postal Service was about 2.7 per cent per annum and of the other branches about 4.2 per cent, an aggregate of about 3.4 per cent annually. The abnormal growth during the five years was no doubt partly induced by the European war, which was on progress two of the five years, but was probably as much or more a reflection of the increased governmental activity of recent years, State and municipal as well as Federal, which has been quite independent of war, and is likely to go on for some years to come. It must be noted, however, that the assumption of a higher year-in and year-out rate than that of the population, 2 per cent, would be equivalent to assuming that eventually the entire population would find itself in the Government employ.

From all the evidence at hand, it seems reasonable to expect the Postal Service to continue to grow at a fairly constant rate of about 2 per cent annually, and that in the other permanent classes the yearly increases which now appear to be not far from 10 per cent can hardly continue at such a rate longer than 1920, whether the war goes on or not. On this assumption, there would be about 180,000 permanent employees other than postal in the civil service in 1920. Without the abnormal influence of the war, this figure could hardly have been reached before 1930, and it is surely conservatively high to assume that a figure of 180,000 reached in 1920 will be maintained without increase or decrease until 1930, and will then go on increasing at a normal constant rate of 2 per cent.

The table appended shows the estimated size of the permanent service at different periods according to these assumptions:

Year.	Postal.		Other.		All permanent employees.
	Annual increase.	Number.	Annual increase.	Number.	
	<i>Per cent.</i>		<i>Per cent.</i>		
1911.....	2.7	121,522	4.2	160,776	222,298
1916.....	2.6	139,070	10.0	124,082	263,152
1917.....	2.0	141,900	10.0	136,500	278,400
1918.....	2.0	144,700	10.0	150,000	294,700
1919.....	2.0	147,600	10.0	165,000	302,600
1920.....	2.0	150,500	10.0	182,000	332,500
1930.....	2.0	183,000	6.6	182,000	365,000
1940.....	2.0	215,000	2.0	210,000	425,000

Mr. MADDRILL. The figures at the close of Exhibit E are, of course, speculative. The estimated receipts and disbursements in the first two columns of Exhibit C were based on these figures and on the observed separation rates.

The CHAIRMAN. You have submitted some proposed amendments to the bill, which provide for payments differing somewhat from those provided for in the McKellar-Keating bill. Have you a statement and figures that you wish to submit in connection with your proposed amended bill? If you have such a statement and the figures that go with it I would be very glad if you would submit such matter as you wish to go into this record in connection with that, so that the committee and the Senate may have the same before them.

Mr. MADDRILL. I have such a statement, which I will file as Exhibit No. 1. Also I submit other statements, which I have marked Exhibits No. 2, No. 3, and No. 4.

(The papers referred to are here printed in full, as follows:)

EXHIBIT No. 1.

Memorandum in re suggested changes in the McKellar-Keating bill presented to Congress June 3, 1918, for the retirement of classified civil employees.

(S. 4637, H. R. 12352.)

Section 1: The date substituted presumes passage of the bill a reasonable time prior to 90 days before July 1, 1919. It can be adjusted here and elsewhere in the bill, if necessary, at passage. One hundred and twenty days should intervene, as section 5 requires the employees to make application for retention at least 90 days before arrival at retirement status.

Minimum service of 15 years, as well as attainment of specified age, is required for eligibility.

The existing expression "provided: Provided" is avoided in the proposed phraseology. The term "mechanics" is more clearly shown to refer not only to mechanics in the Postal Service. A definition of age is interpolated.

Old section 4 is brought into its logical place as a second paragraph of section 1.

Section 2 is old section 8 adapted and brought into its logical place from the standpoint of the modified bill.

Section 3: The modified bill, like the original, is devised to cost 5 per cent ultimately, the Government paying half and the employees half, every employee, new or old, paying 2½ per cent out of each salary check received after the bill goes into effect. It undertakes to grade the benefits more evenly and more equitably as between employees, providing a gradual increase in the annuity payable in lieu of the original "step-ladder" plan, which would encourage the holding over

of employees into the next five-year service periods; and, returning to the employee, in every case his own purchase, together with a contribution from the Government that treats alike all persons of like service, except to give proper additional assistance to those employees whose deductions would, on account of the late passage of the bill in their service periods, purchase too small amounts of annuity. The unmodified bill would have granted a pension computed on only the first \$1,200 of the 30-year employee's salary, after having withheld deductions based on his whole salary. Instead of "50-50," or anything like it, this would in certain instances compel him to advance to the Government—to no advantage of his fellow-employees, supposed by those advocating the measure—twice the amount of the premium that insurance companies charge for the same benefits, making profits and covering expenses on the business. The bill should do no employee or class of employees such palpable injustice. It is not a satisfactory answer that every penny of his equity is returned to him or his estate. Too large a proportion of the contemplated retirement annuity would be diverted as mere compulsory insurance. The 25-year and shorter-period employees would suffer the same injustice, only in somewhat lesser degree.

The unmodified bill proposes to take 20 long years' more deductions from the 50-year employee than from the 30-year employee, with no increase in the amount of pension. It has been stated by well-meaning defenders of this feature that this is just what the insurance companies are doing. Insurance companies charge like premiums for like hazards—a sound economic principle that strict State supervision compels them to observe. Some individuals escape the hazard longer than others or escape it altogether; and the financial shock that would be suffered by the less fortunate is absorbed by distribution over the whole. The clerk entering at 18 has not the same hazard as the clerk entering at 38. Neither has any hazard at all. In any case they or their estates get back all they put in, and at interest. One knows he will get his pension after 50 years' service and 50 years' contributions. The other knows he will get his pension after 30 years' service and 30 years' contributions. Either the contributions or the pensions, or both, must differ, and differ considerably. The insurance carrier that charged the same premium or that failed to make the equitable difference of premium would lose its license.

Analyses and comparisons of the annuities form another part of this report.

The practice proposed in the paragraph added to section 3 has proved practically necessary, and is now followed in the administration of the allotment and allowance division of the War Risk Insurance Bureau.

Section 4, old section 3, has been modified to conserve to the employee so far as possible any compensation for injury incurred in the service of the United States.

Section 5, as modified, requires the Director of the Bureau of War Risk Insurance to pass in reasonable season on application for retention.

Section 6 is consistently adjusted.

Section 9, old section 11, has been clarified.

Certain other modifications have been made which it is believed will facilitate the administration of the bill.

The sections following section 7 have been renumbered so as to follow a more logical sequence.

A skeleton comparison of average benefits follows, in which—

"A" refers to the plan in which the third part of the annuity is made up of \$6 for each year of service in the period in which there were no deductions;

"B" refers to a plan so modified further that this third part of the annuity is \$12 for each year of service in the period in which there were no deductions; and

"Bill" refers to the average annuity that would be provided by the McKellar-Keating bill as presented on June 3, 1918.

RETIREMENT OF EMPLOYEES IN CLASSIFIED CIVIL SERVICE. 41

MECHANICS, CITY AND RURAL LETTER CARRIERS, RAILWAY POSTAL CLERKS.

[Eligible at 65, assumed to retire at 67.]

Age (I) on July 1, 1919, or (II) at later entry.	Years' deduc- tions to age 67.	Plan.	Annual amount of the average pension to be received from retirement (at age 67)—						II, by new entrants.
			I, by those in service July 1, 1919, with						
			40	30	20	15	10	5	
			years of past service July 1, 1919.						
67	0	(1).....						Explanatory.	
		(2).....	\$180	\$180	\$120	\$90	\$6 a year to \$180.....		
		(3).....	240	180	120	90	\$6 prior to July 1, 1919.		
		A.....	420	360	240	180	Sum (3) at \$6.....		
		B.....	660	540	360	270	Sum if (3) at \$12.....		
		Bill.....	518	460	302	265	Existing bill.....		
64½	2½	(1).....	10	10	9	9			
		(2).....	180	180	135	105			
		(3).....	240	180	120	90			
		A.....	430	370	254	204			
		B.....	670	550	384	294			
		Bill.....	522	492	326	282			
59½	7½	(1).....	36	33	30	29	\$29		
		(2).....	180	180	165	135	105		
		(3).....	240	180	120	90	60		
		A.....	456	393	315	254	194		
		B.....	696	573	435	344	254		
		Bill.....	554	511	413	326	282		
54½	12½	(1).....	69	62	58	55	54	\$53	
		(2).....	180	180	165	135	105		
		(3).....	240	180	120	90	60	30	
		A.....	489	422	358	310	249	188	
		B.....	729	602	478	400	309	218	
		Bill.....	584	522	492	413	326	282	
49½	17½	(1).....		103	94	90	86	84	\$81
		(2).....		180	180	165	135	105	
		(3).....		180	120	90	60	30	
		A.....		463	394	360	311	249	186
		B.....		643	514	450	371	279	186
		Bill.....		554	511	492	413	326	282
44½	22½	(1).....		154	139	134	129	123	117
		(2).....		180	180	180	180	165	135
		(3).....		180	120	90	60	30	
		A.....		514	439	404	369	318	252
		B.....		694	559	494	429	348	252
		Bill.....		584	522	511	492	413	326
39½	27½	(1).....			201	189	181	175	164
		(2).....			180	180	180	180	165
		(3).....			120	90	60	30	
		A.....			501	459	421	385	329
		B.....			621	549	481	415	329
		Bill.....			554	522	511	492	413
34½	32½	(1).....			270	261	247	238	224
		(2).....			180	180	180	180	180
		(3).....			120	90	60	30	
		A.....			570	531	487	448	404
		B.....			690	621	547	478	404
		Bill.....			584	554	522	511	492
29½	37½	(1).....				337	331	316	298
		(2).....				180	180	180	180
		(3).....				90	60	30	
		A.....				607	571	526	478
		B.....				697	631	556	478
		Bill.....				584	554	522	511
(1).....					417	414	388		
(2).....					180	180	180		

42 RETIREMENT OF EMPLOYEES IN CLASSIFIED CIVIL SERVICE.

MECHANICS, CITY AND RURAL LETTER CARRIERS, RAILWAY POSTAL CLERKS—Con.

Age (I) on July 1, 1919, or (II) at later entry.	Years' deduc- tions to age 67.	Plan.	Annual amount of the average pension to be received from retirement (at age 67)—						II, by new entrants.
			I, by those in service July 1, 1919, with						
			40	30	20	15	10	5	
			years of past service July 1, 1919.						
								Explanatory.	
24½	42½	(3).....					\$60	\$30	
		A.....					657	624	\$568
		B.....					717	654	568
		Bill.....					584	554	522
19½	47½	(1).....						608	495
		(2).....						180	180
		(3).....						30	
		A.....						718	675
		B.....						748	675
		Bill.....						584	554

OTHER PERMANENT CIVIL EMPLOYEES THAN MECHANICS, CITY AND RURAL CARRIERS, RAILWAY POSTAL CLERKS.

(Eligible at 68, assumed to retire at 70.)

Age (I) on July 1, 1919, or (II) at later entry.	Years' deductions to age 70.	Plan.	Annual amount of the average pension to be received from retirement (at age 70)—						II, by new entrants.
			I, by those in service July 1, 1919, with						
			40	30	20	15	10	5.	
			years of past service on July 1, 1919.						
							Explanatory.		
70	0	(1).....					Own purchase.		
		(2).....	\$180	\$180	\$120	\$90	\$6 a year to \$180.		
		(3).....	240	180	120	90	\$6 prior to July 1, 1919.		
		A.....	420	360	240	180	Sum, (3) at \$6.		
		B.....	660	540	360	270	Sum if (3) at \$12.		
		Bill.....	496	420	257	212	Existing bill.		
67½	2½	(1).....	12	10	9	8			
		(2).....	180	180	135	105			
		(3).....	240	180	120	90			
		A.....	432	370	264	203			
		B.....	672	550	384	293			
		Bill.....	514	454	290	232			
62½	7½	(1).....	42	37	32	30	\$28		
		(2).....	180	180	165	135	105		
		(3).....	240	180	120	90	60		
		A.....	462	397	317	255	193		
		B.....	702	577	437	345	253		
		Bill.....	534	478	378	290	232		
57½	12½	(1).....	76	74	65	59	55	\$50	
		(2).....	180	180	180	165	135	105	
		(3).....	240	180	120	90	60	30	
		A.....	496	434	365	314	250	185	
		B.....	736	614	485	404	310	215	
		Bill.....	533	514	454	378	290	232	
		(1).....		121	107	99	91	85	\$83
		(2).....		180	180	180	165	135	105

OTHER PERMANENT CIVIL EMPLOYEES THAN MECHANICS, CITY AND RURAL
 LETTER CARRIERS, RAILWAY POSTAL CLERKS—Continued.

Age (I) on July 1, 1919, or (II) at later entry.	Years deduc- tions to age 67.	Plan.	Annual amount of the average pension to be received from retirement (at age 67)—						II, by new entrants.
			I, by those in service July 1, 1919, with						
			40	30	20	15	10	5	
			years of past service July 1, 1919..						
							Explanatory.		
52½	17½	(3).....		\$180	\$120	\$90	\$60	\$30	
		A.....		481	467	369	316	250	\$188
		B.....		661	527	459	376	280	188
		Bill.....		534	478	454	378	290	232
		(1).....		172	164	152	140	129	122
		(2).....		180	180	180	180	165	135
47½	22½	(3).....		180	120	90	60	30	
		A.....		532	464	422	380	324	257
		B.....		712	584	512	440	354	257
		Bill.....		533	514	478	454	378	290
		(1).....			233	222	204	187	172
		(2).....			180	180	180	180	165
42½	27½	(3).....			120	90	60	30	
		A.....			533	492	444	397	337
		B.....			653	582	504	427	337
		Bill.....			534	514	478	454	378
		(1).....			301	302	287	263	238
		(2).....			180	180	180	180	180
37½	32½	(3).....			120	90	60	30	
		A.....			601	572	527	473	418
		B.....			721	662	587	503	418
		Bill.....			533	534	514	478	454
		(1).....				380	381	361	324
		(2).....				180	180	180	180
32½	37½	(3).....				90	60	30	
		A.....				650	621	571	504
		B.....				740	681	601	504
		Bill.....				533	534	514	478
		(1).....					468	469	435
		(2).....					180	180	180
27½	42½	(3).....					60	30	
		A.....					708	679	615
		B.....					768	709	615
		Bill.....					533	534	514
		(1).....						559	550
		(2).....						180	180
22½	47½	(3).....						30	
		A.....						769	730
		B.....						799	730
		Bill.....						533	534

EXHIBIT No. 2.—*Cost of benefits as percentages of total salary accumulations applying to new entrants.*
[Proposed amended form of McKellar-Keating bill.]

Proposed amended form of McKellar-Keating bill.]

MECHANICS, CITY AND RURAL LETTER CARRIERS, AND RAILWAY POSTAL CLERKS.

Expected percentage dis-tribution of birth-day at entry.	Retiring—		Average total sal-ary from re-tire-ment, ac-cumulated at 4 per cent.	2½ per cent of average total salary.	Annuity pur-chased at age 65 for me-chanics, etc., and at age 70 for others.	(4)×\$6 paid by Govern-ment for each year of service, up to 30 years.	Total pension (7)+(8).	Annuity of 1 per an-num for n years at 4 per cent inter-est compounded annually.		Dis-counted value of life annuity of 1 per annum beginning at the end of the nth year from now.	Cost to Govern-ment as per cent of value of life annuity (5) of pension (9) follow-ing (guar-anteed) re- turn of in-dividual's contribu-tion (9)×(13) (5)	Total cost—as per cent of life pension (9) from individual's contribu-tions being guaranteed in any case (11)+2.50.	(calcula-tion of expected average total per cent cost, under ultimate separation rates (1)×(15).		
	Age (last birthday) at entry.	After service of (years)— At as-sumed average age—						(10)	(11)					(12)	(13)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
0.6	Under 17	67	50 or over	\$197,096	\$4,927	\$569	\$180	\$749	6,578	6,460	7.63	2,641	1.00	3.50	0.02
2.9	17 to 21	67	45 up to 50	171,324	4,283	495	180	675	6,345	6,231	7.31	2,790	1.10	3.60	0.10
12.3	22 to 26	67	40 up to 45	134,451	3,361	388	180	568	5,811	5,811	6.75	3,063	1.20	3.70	0.46
18.7	27 to 31	67	35 up to 40	103,176	2,579	298	180	478	5,395	5,298	6.07	3,419	1.58	4.08	0.47
18.6	32 to 36	67	30 up to 35	77,578	1,939	224	180	404	4,800	4,714	5.33	3,844	2.00	4.50	0.84
20.8	37 to 41	67	25 up to 30	56,614	1,415	164	165	329	4,301	4,224	4.72	4,218	2.45	4.95	1.03
6.5	42 to 46	67	20 up to 25	40,608	1,015	117	135	252	4,028	3,956	4.40	4,425	2.75	5.25	3.34
26.6	47 to 53	67 to 69	15 up to 20	26,120	653	70	95	171	.....	.....	.....	.....	3.07	5.57	1.48
100.0	Expected average cost of benefits to this group as percentage of total salary accumulation of the group..... 4.74														

OTHER PERMANENT CIVIL EMPLOYEES THAN MECHANICS, CITY AND RURAL LETTER CARRIERS, AND RAILWAY POSTAL CLERKS.

[illegible]

EXHIBIT No. 4.—*Estimated excess of amount of deduction over the amount paid upon withdrawal and as pensions and guaranteed return to pensioners.*

[Proposed amended form of McKellar-Keating bill.]

	Receipts in the form of deductions.	Disburse- ments upon with- drawals prior to pension age.	Pensions and guaran- teed returns to pen- sioners.	Excess.
Fiscal year ending July 1—				
1920.....	\$9,000,000	\$400,000	\$1,501,300	\$7,100,000
1921.....	9,400,000	865,000	1,683,600	6,850,000
1922.....	9,500,000	1,340,000	1,851,900	6,300,000
1923.....	9,600,000	1,840,000	2,007,400	5,750,000
1924.....	9,700,000	2,360,000	2,149,300	5,200,000
1925.....	9,770,000	2,910,000	2,286,200	4,550,000

The CHAIRMAN. Have you the statistics upon which the figures given by you to the committee have been based, and if so, will you file them at this point in the record?

Mr. MADDRILL. I have them, and present them, with brief statements in explanation.

(The matter referred to is here printed in full, as follows:)

Mechanics, city and rural letter carriers, and railway postal clerks in the service July 1, 1916—Continued.

Age.	Years of service.												
	All periods	Up to 5.	5 up to 10.	10 up to 15.	15 up to 20.	20 up to 25.	25 up to 30.	30 up to 35.	35 up to 40.	40 up to 45.	45 up to 50.	50 up to 55.	55 up to 60.
75 to 80:													
Persons.....	258	2	20	61	33	16	20	26	15	32	18	13	2
Average pay.....	\$1,147	\$885	\$1,043	\$1,137	\$1,134	\$1,042	\$1,202	\$1,200	\$1,077	\$1,165	\$1,242	\$1,258	\$1,150
80 to 85:													
Persons.....	38		3	11	3	2	4	1	2	1	3	5	3
Average pay.....	\$1,140		\$1,183	\$1,139	\$1,123	\$1,125	\$1,178	\$1,200	\$810	\$1,220	\$1,233	\$1,062	\$1,283
85 to 90:													
Persons.....	4							1		3			
Average pay.....	\$1,220							\$1,000		\$1,293			

Other permanent civil employees than mechanics, city and rural letter carriers, and railway postal clerks in the service July 1, 1916.

Age.	Years of service.														
	All peris. s.	Up to 5.	5 up to 10.	10 up to 15.	15 up to 20.	20 up to 25.	25 up to 30.	30 up to 35.	35 up to 40.	40 up to 45.	45 up to 50.	50 up to 55.	55 up to 60.	60 up to 65.	65 up to 70.
All ages:															
Persons.....	144,310	51,398	35,649	23,859	14,182	8,516	5,600	2,540	1,227	755	388	202	15	7	2
Average pay.....	\$1,109	\$916	\$1,117	\$1,217	\$1,264	\$1,331	\$1,397	\$1,416	\$1,424	\$1,393	\$1,473	\$1,497	\$1,549	\$1,056	\$1,700
Under 20:															
Persons.....	2,615	2,575	40												
Average pay.....	\$500	\$498	\$635												
20 to 25:															
Persons.....	13,351	12,036	1,272	43											
Average pay.....	\$810	\$805	\$861	\$724											
25 to 30:															
Persons.....	21,500	12,849	7,765	956	20										
Average pay.....	\$1,004	\$940	\$1,102	\$1,065	\$908										
30 to 35:															
Persons.....	22,597	8,370	8,855	4,859	502	11									
Average pay.....	\$1,122	\$988	\$1,189	\$1,223	\$1,213	\$1,159									
35 to 40:															
Persons.....	21,946	5,741	6,605	6,276	2,993	319	12								
Average pay.....	\$1,164	\$965	\$1,160	\$1,281	\$1,292	\$1,299	\$1,234								

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The foregoing statistics are consolidations of original statistics compiled under 20 groups, each of which was tabulated by persons employed, persons separated by withdrawal, and persons separated by death. Marital condition and war-service sorts and tabulations were also made. The first five years of service were tabulated separately both for employed and for separated. In the consolidation of the separations from the postal service allowance was made for average periods of substitute service, during which there has normally been a measurable amount of time not entirely devoted to the service. As in all such studies, much time had to be devoted to prorating over missing information.

In the mechanical tabulating processes the Bureau of Efficiency was extremely fortunate in enlisting the invaluable interest and assistance of Mr. Charles A. Kram, Auditor for the Post Office, whose experts personally handled much of the detail of punching, sorting, and tabulating the punch cards. Specimens of these cards, which were prepared in five forms at the Bureau of Efficiency, will be sent to interested persons upon request addressed to the Chief, United States Bureau of Efficiency.

With the generous cooperation of the various department and bureau chiefs the questionnaire card here reproduced was given the necessary wide distribution through all the civil branches of the Government service. The card for the use of postal employees differed from the other cards in the one respect that question 10 was broken up for separate answers as to substitute service and regular service.

[Use typewriter—see instructions on back.]

United States
Bureau of Efficiency.
Form 8.

Department of Commerce,
Bureau of the Census.
8-4789-1

Record of civil employee, July 1, 1916.

		Make no entries in this column.
1. Name: (Surname first. Given name in full. For women write Miss or Mrs. before given name.)		
2. Department:		
3. Bureau, office, or service:		
4. Designation of position:		
5. Occupation (if not clearly shown by answer to question):		
6. Annual earnings:	7. Kind of appropriation:	
8. Present rate of pay:	9. Initial rate of pay:	
\$.	\$.	
10. Total length of service (give the total of all U. S. Govt. service with the exceptions stated on the back of this card)—		
Years:	Months:	
11. State, Territory, or foreign country of birth (do not give town):		
12. Race:	13. Sex:	
14. Date of birth—		
Month:	Year:	
15. Kinds of schools attended, years attended, and degrees taken:		
16. Marital condition:	17. War veteran?	
18. Appointed from—		
Congressional district or State:	County:	
19. Civil-service status:		
20. Method by which classified status was obtained:		
21. Place of employment—		
City:	State:	

INSTRUCTIONS.

It is requested that this card be filled out by the department and carefully reviewed by the employee to insure the accuracy of the department record.

Use typewriter to answer the questions on this card. If a typewriter is not accessible, have some person who writes clearly fill in the answers.

Make the entries concise. Be careful to use abbreviations correctly.

The information called for on this card should be furnished as of July 1, 1916, for all employees who on that date were in the executive civil service (that is, the executive department and other executive establishments, with their field services), except temporary employees, part-time employees (such as post light keepers, tide observers, etc.), and persons employed under enlistment contract or shipping articles. Persons appointed for a definite term of less than a year, including seasonal employees, should be excluded. Persons employed especially for a particular job, whose employment will normally cease when the job is finished, should be excluded (for example, mechanics and laborers employed in construction of public buildings and irrigation works). Include substitute post-office clerks, city carriers, and railway postal clerks, and also mechanics and laborers at navy yards and arsenals.

Question 4. The designation should be given as shown in the order making the last appointment or promotion.

Question 5. State, as specifically as possible in the space available, the profession, trade, or other line of work on which the employee is engaged, when practicable give not only the profession, science, etc., but the line of work within the profession, science, etc. Examples for persons engaged on scientific or technical work: Physicist (optics), mycologist (fruit diseases), paleontologist (vertebrates), drainage engineer. Examples for clerical employees: Stenographer and typewriter, correspondence clerk, file clerk, bookkeeper, roster and time clerk, adding machine operator, copyist, general-utility clerk. If the designation of the position shows clearly the employee's occupation, write "See 4."

Question 6. Give the total compensation for the last 12 months.

If an employee holds more than one position in the executive civil service, give the annual earnings for each position separately and also, in answer to inquiries 4 and 5, state the nature of each employment.

Question 7. State whether statutory ("Stat") or lump sum ("LS").

Question 8. If the employee receives an annual salary which is the same as the annual earnings stated above, answer "AS"; if the annual salary is different from the annual earnings give the salary followed by the abbreviation "PA." If the employee is paid by the month, week, day, or hour, give the rate followed by the abbreviation "PM," "PW," "PD," or "PH," as the case may be. If he is paid by the piece, answer "Pcwrk"; if he is otherwise compensated answer, "Fees," "Commissions," "Allowances," or "Other," as the case may be.

Question 9. Give the rate of pay at which the employee was originally appointed to the executive civil service.

Question 10. The reports made on this schedule will be used as a basis for computing the probable cost of a plan of retiring civil employees. Each employee's report will become a part of his record, on which his annuity will be based if a retirement law is enacted. It is therefore important to give the employee's total length of service, including all periods of employment in the executive civil service of the United States, whether temporary or permanent, whether in one or more branches of the service, and whether continuous or at different times, except service as a presidential appointee confirmed by the Senate and as a part-time employee or employee under enlistment contract or shipping articles. Service as a presidential appointee confirmed by the Senate should be included if the employee had a classified status during his service as a presidential appointee.

Do not include service as an employee of the Congress or the United States courts or service as an officer or enlisted man in the Army, Navy, or Marine Corps.

Question 12. Use "W" for white, "N" for Negro (including persons of mixed Negro blood), "I" for American Indian (including persons of mixed Indian blood). For other (yellow-brown) peoples, state whether "Chinese," "Japanese," "Filipino," or "Other."

Question 15. Use "E" for elementary or grade; "H" for high; "C" for college or university; "P" for professional or technical; "O" for other. After each symbol enter in figures the numbers of years attended. Add in parenthesis the degree taken, if any, and the course of study if not shown by the degree or if no degree was taken. Examples, ES; H3 (business); H4 (tech-

54 RETIREMENT OF EMPLOYEES IN CLASSIFIED CIVIL SERVICE.

nical); C5 (AB, AM, political science); C2 (architecture); P3 (LLB); P1 (law).

Question 16. State whether single ("S"), married ("M"), widowed (including widowers) ("W"), or divorced ("D").

Question 17. If the employee served in the Civil or Spanish war, Philippine or any Indian insurrection, or other military engagement of the United States, answer, "Civil," "Spanish," "Phil," "Indian," or "Other" (specifying); if not, answer "No."

Question 18. This answer must show the congressional district and the State (under present Congressional apportionment) to which present appointment is charged. Example: Congressional district and State, 7 Virginia; county, Madison.

Question 19. For classified employees (not including those appointed without examination under special provisions of law or under Schedule A, Civil Service rules) answer "C." For persons in positions excepted from examination by law or Schedule A, Civil Service rules, answer "E"; for persons appointed by the President subject to confirmation by the Senate, answer "PC"; for other unclassified employees, such as unskilled laborers, answer "U."

For Presidential appointees and employees in excepted positions who have retained a prior classified status, add the word "Classified" to the abbreviations given above.

Question 20. If the employee is classified (unless he holds a position excepted from examination by law or by Schedule A, Civil Service rules) state whether he originally obtained his classified status by competitive examination ("CE"); no competitive examination ("NCE"); individual Executive order which specified the name of the employee ("IEO"); blanket Executive order which covered in an entire class ("BEO"); or act of Congress which required no Executive order to carry it out ("AC").

Extension of the period of eligibility for reinstatement by individual or blanket Executive order should be reported as "IEO," or "BEO," as the case may be.

Reinstatement to a position that was covered into the classified service by blanket Executive order or act of Congress during the employee's separation from that position should be reported as "BEO," or "AC," as the case may be.

Transfer from the Philippine Service should be reported as "CE" for "competitive examination."

If the employee is not classified or occupies a position excepted from examination by law or Schedule A, Civil Service rules, write "NC" for "not classified."

Question 21. If a traveling employee, give permanent station or headquarters.

Separation records were at the same time secured through the same offices through the medium of a questionnaire sheet drawn up to correspond to the questionnaire card above reproduced.

The questionnaire campaign was launched jointly with the Bureau of the Census. By the happy arrangement with that bureau the difficult and tedious task of editing the questionnaires for mechanical analysis was carried out through a special staff assigned to the work by the courtesy of Director Sam L. Rogers, of the Bureau of the Census.

Following is the list of original cards and sheets received, arranged by bureau or office:

United States Civil Service personnel records—Number system.

[Cards for each department or service are grouped first, by employees in Washington, and second, by employees outside of Washington, each group arranged by bureau according to code and alphabetically by name of employee within bureau. For card numbers 1 to 157000 see under P. O. Dept.]

SUMMARY.

Department and service.	Employed July 1, 1916.		Separated five years.	
	Card Nos.	Persons.	Sheet Nos.	Persons.
Executive (all).....	157001-157044.....	44	1.....	
State (all).....	157051-157343.....	293	3-4.....	
Treasury (all).....	158501-184242.....	24,857	31-1119.....	
War (all).....	190501-207901.....	16,818	1301-1863.....	
Justice (all).....	222501-224502.....	1,940	2001-2016.....	

United States Civil Service personnel records—Number system—Continued.

SUMMARY—Continued.

Department and service.	Employed July 1, 1916.		Separated five years.	
	Card Nos.	Persons.	Sheet Nos.	Persons.
Post Office:				
Rural carriers.....	1-37950.....	37,950	900001-907114 ¹	
Railway mail.....	+205.....	18,748	4851-4975.....	
First and second class post offices.....	43001-61542.....		2051-4647.....	
Inspection service.....	63001.....	520	2044-2046.....	
Post Office Department.....	144801-145320.....		2026-2042.....	
Postmasters.....	145401.....			
Navy (all).....	147401.....			
Interior (all).....	226751-260955.....		5101-6264.....	
Agriculture (all).....	226751-273410.....	10,506	6401-6639.....	
Commerce (all).....	273001-284484.....	11,485	6651-6730.....	
Labor (all).....	284531-289245.....	4,714	6751-6798.....	
Independent offices (all).....	289331.....		6811-6829.....	
Government of the District of Columbia (all).....	291351-303261.....	11,750	6841-6968.....	
	303286-306122.....	1,821	6976-7015.....	

DETAILED.

Executive.....	157001-157044.....	44	1.....	
State.....	157051-157343.....	293	3-4.....	
Treasury:				
Office of the Secretary.....	158501-158531.....	31	31-50.....	
Office of the chief clerk.....	158536-158857.....	322		
Division of Appointments.....	158861-158878.....	18		
Office of the Supervising Architect.....	158881-159135.....	255		
Office of the Comptroller of the Treasury.....	159251-159288.....	38		
Office of the Comptroller of the Currency.....	159291-159451.....	161		
Office of the Treasurer of the United States.....	159461-160022.....	562		
Office of the Register of the Treasury.....	160031-160051.....	21		
Office of the Commissioner of Internal Revenue.....	160052-160572.....	521		
Office of the Director of the Mint.....	160591-160602.....	12		
Office of the disbursing clerk.....	160606-160618.....	13		
Coast Guard headquarters.....	160621-160672.....	52		
Bureau of the Public Health Service.....	160681-160721.....	41		
Section of Surety Bonds.....	160731-160735.....	5		
Division of Bookkeeping and Warrants.....	160736-160784.....	49		
Division of Customs.....	160791-160833.....	43		
Division of Loans and Currency.....	160836-160933.....	98		
Division of Public Moneys.....	160936-160954.....	19		
Division of Printing and Stationery.....	160956-160975.....	20		
Division of Mails and Files.....	160986-160995.....	10		
Division of Secret Service.....	161001-161009.....	9		
Division of Special Agents.....	Included in Secretary's Office.....			
Auditor for the Treasury Department.....	161011-161111.....	101	31-50.....	
Auditor for the War Department.....	161116-161319.....	204		
Auditor for the Navy Department.....	161321-161420.....	100		
Auditor for the Interior Department.....	161421-161521.....	101		
Auditor for the State and Other Departments.....	161526-161600.....	75		
Auditor for the Post Office Department.....	161601.....	487		
Bureau of War Risk Insurance.....	162171-162173.....	3		
General Supply Committee.....	Included in Secretary's office.....			
Bureau of Engraving and Printing.....	162176-166239.....	4,064	61-83.....	
Supervising architect at large—				
Public building service.....	184106-184242.....	137	91.....	
Custodian, janitor service.....	166246-170371.....	4,126	96-614.....	
Mint and assay service.....	170431-171095.....	665	801-809.....	
Customs service.....	171101-177587.....	6,487	816-903.....	
Internal Revenue Service.....	177611-181562.....	3,952	951-1015.....	
Subtreasury service.....	181611-181915.....	305	1031-1039.....	
Public Health Service.....	181931-183618.....	1,688	1046-1119.....	
Coast Guard Service.....	183631-183681.....	51		
National bank examiners, etc.....	183686.....			
Federal Farm Loan Bureau.....	184086-184096.....	11		

¹ Rural separations listed on cards.

United States Civil Service personnel records—Number system—Continued.

DETAILED—Continued.

Department and service.	Employed July 1, 1916.		Separated five years.	
	Card Nos.	Persons.	Sheet Nos.	Persons.
War:				
Office of the Secretary.....	190501-190606.....	106	1301-1315.....	
Office of the Chief of Staff ¹	190607-190691.....	85		
Office of The Adjutant General.....	190692-191264.....	573		
Office of the Inspector General.....	131265-191275.....	11		
Office of the Judge Advocate General.....	191276-191294.....	19		
Office of the Quartermaster General.....	191295-191582.....	288		
Office of the Surgeon General.....	191583-191714.....	132		
Office of the Chief of Engineers.....	191715-191818.....	104		
Board of Engineers of Rivers and Har- bors.....	191819-191907.....	89		
Office of the Chief of Ordnance.....	191908-192026.....	119		
Office of the Chief Signal Officer.....	192027-192066.....	40		
Bureau of Insular Affairs.....	192067-192129.....	63		
Office of Public Buildings and Grounds.....	192130-192392.....	263		
Division of Militia.....	1923 3-192423.....	31		
Office of Chief of Coast Artillery ²	192424-192438.....	15		
Quartermaster Corps of the Army.....	192441-192862.....	5,622	1321-1454.....	
Engineer Department at large.....	192863-203204.....	4,824	1551-1646.....	
Ordnance Department at large.....	203341-207539.....	4,159	1701-1803.....	
Signal Service at large.....	207581-207701.....	121	1851-1853.....	
United States Military Academy.....	207741-207827.....	87	1862.....	
National military park commissions.....	207831-207896.....	66	1863.....	
Board of Ordnance and Fortification.....	207901.....	1	1861.....	
Other.....				
Justice:				
Office of the Attorney General.....	{+1.....	278	2001-2006.....	
Office of the Solicitor for the Interior Department.....	222501-222777.....			
Office of the Solicitor for the Post Office Department.....	222781.....	1		
Office of the Solicitor for the Depart- ment of State.....	222786.....	1		
Office of the Solicitor for the Depart- ment of State.....	222791.....	1		
Office of the Solicitor of the Treasury.....	222796-222810.....	15		
Office of the Solicitor of the Depart- ment of Commerce.....	222811-222821.....	11		
Office of the Solicitor of the Depart- ment of Labor.....	222826-222832.....	7		
Office of the Solicitor of Internal Revenue.....	222836-222837.....	2		
Antitrust Bureau.....	222841-222851.....	11	2011.....	
Bureau of Investigation (in the District of Columbia).....	With Attorney General's Office.....			
Customs Division.....	222856-222877.....	22		
United States penitentiaries.....	222381-223106.....	226	2013-2015.....	
Offices of the United States attorneys.....	223107-223515.....	409		
Offices of the United States marshals.....	223511-223137.....	787		
Bureau of Investigation field service.....	224331-224447.....	117		
National Training School for Boys.....	224451-224502.....	52		
Post Office:				
Rural carriers.....	1-37950.....	37,950	900001-907114 ²	
Railway mail.....	{+205.....	18,747	4851-4975.....	
	43001-61542.....			
First and second class post offices.....	63001.....		2051.....	
Alabama.....	63001-63549.....	549	2051.....	
Alaska.....	63601-63605.....	5		
Arizona.....	63611-63775.....	165	2071.....	
Arkansas.....	63801-64205.....	405	2086.....	
California.....	{64226-67615.....	3,413	2121.....	
	{+23.....			
San Francisco.....	66291-67220.....			
Colorado.....	67616-68362.....	757	2231.....	
Denver.....	67723-68119.....			
Connecticut.....	68346-69436.....		2266.....	
Delaware.....	69661-69792.....	132	2301.....	
District of Columbia.....	69801-70691.....	887	2311.....	
Florida.....	70711-71187.....	477	2316.....	
Georgia.....	71196-72426.....	831	2351.....	
Atlanta.....	71244-71541.....			
Hawaii.....	72066-72126.....	61	2396.....	
Idaho.....	72146-72332.....	207	2401.....	
Illinois.....			2431.....	

¹ Office of Coast Artillery's Office is a part of Chief of Staff's Office.² Rural separations listed on cards.

United States Civil Service personnel records—Number system—Continued.

DETAILED—Continued.

Department and service.	Employed July 1, 1916.		Separated five years.	
	Card Nos.	Persons.	Sheet Nos.	Persons.
Post office—Continued				
First and second class post offices—Con.				
Indiana	80681-82469	1,739	2641	
Indianapolis	81264-81718			
Iowa	82531-83973	1,443	2736	
Kansas	84011-84937	927	2826	
Kentucky	84961-85758	798	2896	
Louisville	85217-85573			
Louisiana	85781-86390	600	2936	
New Orleans	85917-86307			
Maine	86411-86937	527	2961	
Maryland	86956-88046	1,091	2991	
Baltimore	86970-87396			
Massachusetts	88066		3011	
Michigan	93856-96326	2,471	3111	
Detroit	94245-95184			
Minnesota	96371-98093	723	3201	
St. Paul	97548-97970			
Mississippi	98141-98446	306	3266	
Missouri			3291	
Montana			3346	
Nebraska	101876-102669	794	3366	
Nevada	102691-102743	53	3411	
New Hampshire	102756-103387	332	3406	
New Jersey			3431	
New Mexico			3501	
New York			3516	
North Carolina	121131-121709	569	3721	
North Dakota	121731-121925	195	3761	
Ohio			3786	
Oklahoma	126946-127582	637	3901	
Oregon	127606-128236	631	3946	
Pennsylvania			3981	
Porto Rico	135891-135948	58	4176	
Rhode Island	135961-136505	545	4186	
South Carolina	136546-136885	340	4201	
South Dakota	136906-137106	201	4236	
Tennessee	137146-137975	830	4266	
Texas			4301	
Utah	139911-140189	279	4386	
Vermont	140236-140463	228	4406	
Virginia		880	4441	
Washington	141436-142480	1,045	4481	
West Virginia	142566-142989	424	4526	
Wisconsin	143036-144599	1,564	4561	
Milwaukee	143591-144146			
Wyoming	144711-144777	67	4641	
Inspection service	144801-145320	520	2044-2046	
Post Office Department—				
Office of the Postmaster General	145401-145760	360	2026-2028	
Office of the First Assistant	145771-145977	207	2030	
Office of the Second Assistant	145981-146082	102	2032-2033	
Office of the Third Assistant	146091-146469	379	2035-2037	
Office of the Fourth Assistant	146476-146879	404	2039-2042	
Motor vehicle service	146886-147085		4701-4704	
Sea post clerks				
Village carriers	147151-147388	238	4707-4710	
Mail bag equipment shop	Included in Fourth Assistant Office.		5005-5006	
Navy:				
Office of the Secretary	226751-226808	58		
Office of the Solicitor	226809-226816	8		
Office of Naval Records and Library	226817-226832	16		
Office of the Judge Advocate General	226833-226842	10		
Office of Nava. Intelligence	226843-226852	10		
Office of the General Board	226853-226858	6		
Office of the Board of Inspection and Survey	226859-226868	10		
Office of the Naval Examining Board	Included in Washington Navy Yard.			
Office of the Naval Retiring Board				
Office of the Board of Medical Examiners				
Office of Target Practice and Engineering Competitions				
Navy Disbursing and Allotment Office	226869-226894	26		
Headquarters of the Marine Corps	226895-226911	17		
Nautical Almanac Office	226912-226936	25		

United States Civil Service personnel records—Number system—Continued.

DETAILED—Continued.

Department and service.	Employed July 1, 1916.		Separated five years.	
	Card Nos.	Persons.	Sheet Nos.	Persons.
Navy—Continued.				
Bureau of Navigation.....	226937-227002	66		
Naval Observatory.....	227003-227053	51		
Hydrographic Office.....	227054-227157	104		
Bureau of Yards and Docks.....	227158-227209	52		
Bureau of Ordnance.....	227210-227243	34		
Bureau of Construction and Repair.....	227244-227367	124		
Bureau of Steam Engineering.....	227368-227438	71		
Bureau of Supplies and Accounts.....	227439-227531	93		
Bureau of Medicine and Surgery.....	227532-227547	16		
Division of Naval Militia Affairs.....	227548-227557	10		
Communication Office.....	Included in Wash-			
Office of the Admiral of the Navy.....	ington Navy			
Office of the Chief of Naval Operations.....	Yard.			
Navy yards—	227558-227576	19		
Boston.....	227581-230123	2,413	5101-5145	
Charleston.....	231158-231376	1,219		
Mare Island.....	231381-234119	2,729	5151-5223	
New Orleans.....	234151-234468	318	5501-5535	
Norfolk.....	{ -1.	3,325	5226-5293	
	241461-244786			
Philadelphia.....	{ +2.	2,381	5301-5366	
	244881-247259			
Portsmouth.....	247461-248923	1,463	5371-5398	
Puget Sound.....	248941-250563	1,623	5401-5430	
Washington.....	{ +1.	4,096	5431-5434	
	251601-254696			
Naval training stations.....	251801-254879	79	5601	
Torpedo stations.....	254880-256028	1,149	5676	
Naval War College.....	256116-256128	13	6001	
Naval proving ground, Indian Head.....	Omitted		6101-6112	
Naval stations.....	257071-157982	912	6116, 6118, 6119, 6121, 6122-6125, 6128, 6129, 6131-6140, 6146, 6131.	
Naval Home, Philadelphia, Pa.....	258611-258649	39	6148-6152	
Naval Academy, Annapolis, Md.....	258666-159342	677	6156-6162	
Naval radio station, Radio, Va.....	259366-259370	5		
Navy aeronautic station, Pensacola, Fla.....	259371-259611	241	6176	
United States Marine Corps at large.....	259616-259954	339	6186-6187	
Hydrographic Survey service.....	259956-259989	34		
Navy pay offices.....	259991-260011	21		
Navy coa. depots.....	260016-260069	54	6194-6195	
Inspection and construction service.....	260201-260484	284		
Naval hospitals.....	260491-260929	439	6206-6216, 6220-6225	
Naval Medical School.....	260941-260946	6		
Naval medical supply depot.....	260951-260955	5		
Miscellaneous.....			6231-6264	
Interior:				
Office of the Secretary.....	262751-263028	278	6401-6404.	{
Office of the Solicitor.....	263029-263062	34		
General Land Office (in the District of Columbia).	263063-263589	527		
Office of Indian Affairs (in the District of Columbia).	263600-263857	258	6426-6475	
Bureau of Pensions.....	263858-264971	1,114	6501-6508	
Patent Office.....	{ -1.	940	6511-6517	
	264972-265910			
Bureau of Education (in the District of Columbia).	265911-265985	75	6521	
Geological Survey (in the District of Columbia).	265986-266405	420	6522-6527	
Reclamation Service (in the District of Columbia).	266403-266501	96	6531-6536	
Bureau of Mines (in the District of Columbia).	266506-266604	99	6581-6588	
Office of Superintendent of Capitol Building and Grounds.....	266605-266625	21	6591	
Office of recorder of deeds.....	266626	1		
Office of register of wills.....	266627	1		
Board of Indian Commissioners.....	266628	1		
Inspectors in the Office of the Secretary.	266631-266635	5		
Land Service.....	266636-267112	677		
Indian Service.....	267326-270999	3,674		
Geological Survey field service.....	271026-271458	433		
Reclamation Service.....	{ +1.	419		
	271461-271878			

United States Civil Service personnel records—Number system—Continued.

DETAILED—Continued.

Department and service.	Employed July 1, 1916.		Separated five years.	
	Card Nos.	Persons.	Sheet Nos.	Persons.
Bureau of Mines (in the District of Columbia)—Continued.				
Bureau of Education field service and Alaska field service.	271891-271905.....	15	.....	.....
Bureau of Mines field service.....	271906-272136.....	231	.....	.....
National parks and reservations.....	272141-272238.....	98	6598-6599.....	.....
Territorial service.....	272241-272258.....	18	6601.....	.....
Alaskan Engineering Commission.....	272261-272405.....	145	.....	.....
Institutions in the District of Columbia—				
Government Hospital for the Insane	272406-273194.....	789	6603-6630.....	.....
Columbia Institution for the Deaf.....	273201-273270.....	.....	.....	.....
Howard University.....	273271-273350.....	78	6634.....	.....
Freedmen's Hospital.....	273351-273410.....	59	6638-6639.....	.....
Agriculture:				
Office of the Secretary (in the District of Columbia).	273001-273317.....	317	.....	.....
Weather Bureau (in the District of Columbia).	273318-27350.....	213	.....	.....
Bureau of Animal Industry (in the District of Columbia).	273531-273910.....	380	.....	.....
Bureau of Plant Industry (in the District of Columbia).	273911-274575.....	665	.....	.....
Forest Service (in the District of Columbia).	24576-274872.....	297	.....	.....
Bureau of Chemistry (in the District of Columbia).	274873-275194.....	322	.....	.....
Bureau of Soils (in the District of Columbia).	275195-275330.....	136	.....	.....
Bureau of Entomology (in the District of Columbia).	275331-275442.....	112	.....	.....
Bureau of Biological Survey (in the District of Columbia).	275443-275512.....	70	.....	.....
Division of Publications.....	275513-275680.....	168	.....	.....
Library.....	275681-275713.....	33	.....	.....
Division of Accounts and Disbursements.	275714-275742.....	29	.....	.....
Bureau of Crop Estimates.....	275743-275853.....	111	.....	.....
States Relations Service (in the District of Columbia).	275854-276050.....	197	.....	.....
Office of Public Roads and Rural Engineering (in the District of Columbia)	276051-276235.....	185	.....	.....
Insecticide and Fungicide Board (in the District of Columbia).	276236-276275.....	40	.....	.....
Office of Farm Management.....	276276-276385.....	110	.....	.....
Office of Information.....	Included in Secretary's Office.	.....	6651-6730.....	.....
Office of Inspection.....	do.	.....	.....	.....
Federal Horticultural Board (in the District of Columbia).	276386-276404.....	19	.....	.....
Office of Markets and Rural Organization (in the District of Columbia).	276405-276641.....	237	.....	.....
Office of the Secretary field service.....	276642-276651.....	10	.....	.....
Weather Bureau field service.....	276652-277108.....	657	.....	.....
Bureau of Animal Industry field service.	277109-280866.....	3,558	.....	.....
Bureau of Plant Industry field service..	280867-281237.....	431	.....	.....
Forest Service field service.....	281238-283738.....	2,441	.....	.....
Bureau of Chemistry field service.....	283739-283980.....	242	.....	.....
Bureau of Soils field service.....	283981-283987.....	7	.....	.....
Bureau of Entomology field service.....	283988-284188.....	201	.....	.....
Biological Survey field service.....	284189-284246.....	58	.....	.....
Bureau of Crop Estimates field service..	284247-284288.....	42	.....	.....
States Relation Service field service....	284289-284356.....	68	.....	.....
Office of Public Roads and Rural Engineering field service.	284357-284437.....	81	.....	.....
Field service of the Insecticide and Fungicide Board.	284438-284443.....	6	.....	.....
Field service of the Federal Horticultural Board.	284444-284453.....	10	.....	.....
Office of Markets and Rural Organization field service.	284454-284473.....	20	.....	.....
Office of Farm Management field service.	284474-284485.....	12	.....	.....
Commerce:				
Office of the Secretary.....	284531-284700.....	170	6751-6752.....	.....
Bureau of the Census.....	284701-285271.....	571	6753-6755.....	.....

United States Civil Service personnel records—Number system—Continued.

DETAILED—Continued.

Department and service.	Employed July 1, 1916.		Separated five years.	
	Card Nos.	Persons.	Sheet Nos.	Persons.
Commerce—Continued.				
Bureau of Foreign and Domestic Commerce (in the District of Columbia).	285272-285383	112	6756	
Bureau of Standards (in the District of Columbia).	285384-285708	325	6757-6761	
Bureau of Fisheries (in the District of Columbia).	285709-285788	80	6762-6766	
Bureau of Lighthouses (in the District of Columbia).	285789-285827	39	6767-6792	
Coast and Geodetic Survey (in the District of Columbia).	285828-286115	288	6793-6795	
Bureau of Navigation (in the District of Columbia).	286116-286146	31	6796	
Steamboat Inspection Service (in the District of Columbia).	286147-286157	11	6797-6798	
Bureau of Foreign and Domestic Commerce field service.	286158-286201	44		
Bureau of Standards field service.	286202-286249	48		
Bureau of Fisheries field service.	286250-286563	314		
Lighthouse Service.	286564-288845	2,282		
Coast and Geodetic Survey field service.	288846-288910	65		
Bureau of Navigation field service.	288912-288986	75		
Steamboat-Inspection Service field service.	288987-289245	259		
Labor:				
Office of the Secretary (in the District of Columbia).	289331-289404	74	6811	
Bureau of Labor Statistics.	289406-289507	102	6813	
Children's Bureau.	289508-289583	76	6814	
Bureau of Immigration.	289584		6816-6828	
Bureau of Naturalization.	289643-289706	64	6829	
Immigration Service at large.	289707			
Naturalization Service at large.	{+2, 291272-291350}	81		
Independent offices:				
Bureau of Efficiency.	291351-291363	13		
Interstate Commerce Commission—				
Division of Valuation (in the District of Columbia).	291371-291720	350		
Other divisions in the District of Columbia.	291731-292366	636	6841-6852	
Division of Valuation (field service).	292371-292296	926		
All other (field service).	293301-293478	178		
Civil Service Commission—				
In the District of Columbia.	293481-293657	177	6856-6857	
In the field.	293661-293705	45		
Federal Reserve Board.	293711-293762	52		
Federal Reserve Board (Office of the Comptroller of the Currency).	293765-293770	6	6858-6859	
Federal Trade Commission.	293771-293939	169	6861	
The Panama Canal—				
Washington office.	293951-294052	102		
United States (outside of the District of Columbia.)	294091-294127	37	6864-6867	
In the Canal Zone (gold roll).	294131-294103	3,973	6971-6905	
Government Printing Office.	298111-301971	3,861	6906-6924	
Office of the Superintendent of the State, War, and Navy Department Building.	{+1, 301991-302194}	205	6931-6932	
Boards and commissions under the President—				
Board of Mediation and Conciliation.	302211-302215	5		
Commission of Fine Arts.	302221-302222	2		
Library of Congress—				
Library of Congress proper.	302226-302538	313		
Copyright office.	302541-302631	91	6951-6955	
Library Building and grounds.	302641-302776	136	6956-6957	
Smithsonian Institution—				
National Museum.	302781-303116	326	6961-6963	
International Exchanges.	303121-303135	15	6964	
Bureau of American Ethnology.	303136-303155	20	6965	
National Zoological Park.	303156-303215	60	6966	
Astrophysical Observatory.	303216-303221	6		
International Catalogue of Scientific Literature.	303226-303230	5	6968	
United States Botanic Garden.	303231-303261	31		

United States Civil Service personnel records—Number system—Continued.

DETAILED—Continued.

Department and service.	Employed July 1, 1916.		Separated five years.	
	Card Nos.	Persons.	Sheet Nos.	Persons.
Government of the District of Columbia:				
Executive office.....	303286-303297.....	12	6976-7015.....	
Assessor's office.....	303301-303346.....	46		
Auditor's office.....	303351-303383.....	33		
Bathing beach.....	303386.....			
Board of Charities.....	303396-303418.....	23		
Board of children's guardians.....	303421-303432.....	12		
Collector's office.....	303436-303455.....	20		
Coroner's office.....	303461-303464.....	4		
Corporation counsel's office.....	303466-303477.....	12		
Disbursing office.....	303481-303487.....	7		
District building superintendent's office.....	303491-303566.....	76	6976-7015.....	
Engineer department.....	303571-304099.....	529		
Excise board.....	304111.....			
Fire department.....	304121-304581.....	461		
Health department.....	304601-304674.....	74		
Home for the Aged and Infirm.....	304681-304715.....	35		
Industrial Home School (white).....	304721-304739.....	19		
Industrial Home School (colored).....	304746-304763.....	18		
Insurance department.....	304766-304770.....	5		
Municipal lodging house.....	304776-304778.....	3		
National Training School for Girls.....	304781.....			
Playgrounds.....	304811-304825.....	15		
Police department.....	304831.....	80		
Public Library.....	305761-305842.....	82		
Public schools.....	Other cards received.....			
Public Utilities Commission.....	305846-305864.....	19		
Purchasing office.....	305871-305908.....	38		
Soldiers and Sailors Temporary Home.....	305911-305913.....	3		
Superintendent of weights, measures, and market office.....	305916-305938.....	23		
Tuberculosis Hospital.....	305941-305976.....	36		
Washington Asylum Jail.....	305981-306054.....	74		
Workhouse.....	306061-306122.....	62		

Several points of more or less technical character must be referred to in explanation of the methods employed in passing to the cost figures from the statistics. The "exposure" was exceptionally large—equivalent to the observation of over 1,250,000 lives through one year or such part of a year as they continue in the service. It was sufficiently great to permit direct calculation without resort to formal graduation or the consolidation of more or less unrelated salary scales. The original combined material is remarkably free from disturbing fluctuations, so that no difficulties were encountered on the score of irregularities. Formal graduation was not deemed necessary. To the extent, however, of determining pivotal values and interpolating salary accumulations at odd points in the quinquennial group, methods tantamount to graduation were in fact employed.

A table is here submitted showing the observed separation rates as derived directly from the statistics; and in columns (4) and (5) of that table the expected rates of separation by mortality and from disability, and in column (9) the rates of separation that may properly be expected under the proposed retirement plans. The methods of derivation of the several columns are clearly indicated in the captions of the columns. So far as I know, the method here used to derive the expected separation rates was first employed two years ago by Mr. Herbert D. Brown in some unprinted work on a pension plan for school teachers of the District of Columbia.

In an extension of the table, as indicated by the continuation of the column numbers, is the calculation of the expected ultimate distribution of the persons who will retire as superannuates. The distribution derived (column 21) was employed in the determination of the ultimate distribution of the cost between the Government and the employees as computed in Exhibit B and Exhibit No. 2.

Exposure and separation rates.

MECHANICS, CITY AND RURAL LETTER CARRIERS, AND RAILWAY POSTAL CLERKS.

Age group.	Exposure.	Actual annual separation rate (pi.otal) (Jan. 1, 1913), at middle age of group.	Assumed rate of mortality (United States life tables, 1910).	Assumed rate of disability. (Hunter's ultimate).	"Discretionary" rate of separation without retirement plan (3 less 4 less 5).	Expected reduction in discretionary separation rate with retirement plan (zero at lowest age; entire at eligibility age).	Expected discretionary rate of separation with retirement plan (6 less 7).	Expected annual separation rate with retirement plan (8 plus 4 plus 5).	Expected 8-year separation rate with retirement plan (computed from 9 by formula).	Observed 8-year separation rate without retirement plan (separation divided by 2).
1	2	3	4	5	6	7	8	9	10	11
Under 20.	5, 557	0.0831	0.0555	0.0005	0.0771	0.0048	0.0723	0.0783	0.3805	0.4045
20 up to 25.	38, 341	0.0660	0.0005	0.0005	0.0487	0.0113	0.0407	0.0472	0.2860	0.2760
25 up to 30.	79, 215	0.0552	0.0075	0.0006	0.0389	0.0113	0.0276	0.0357	0.1788	0.2358
30 up to 35.	99, 245	0.0470	0.0075	0.0007	0.0327	0.0145	0.0182	0.0238	0.1419	0.2144
35 up to 40.	85, 826	0.0428	0.0094	0.0007	0.0284	0.0177	0.0107	0.0229	0.1152	0.2036
40 up to 45.	85, 768	0.0406	0.0113	0.0009	0.0264	0.0209	0.0055	0.0208	0.1046	0.2036
45 up to 50.	63, 252	0.0417	0.0140	0.0013	0.0210	0.0242	0.0024	0.0218	0.1104	0.2047
50 up to 55.	43, 760	0.0404	0.0175	0.0019	0.0210	0.0274	0.0038	0.0285	0.1486	0.2642
55 up to 60.	28, 741	0.0525	0.0254	0.0033	0.0238	0.0306	0.0038	0.0430	0.2170	0.3658
60 up to 65.	14, 670	0.0729	0.0357	0.0070	0.0302	0.0322	0.0038	0.0430	0.2170	0.3658
65 up to 70.	8, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
75 up to 80.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
85 up to 86.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
86 up to 87.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
87 up to 88.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
88 up to 89.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
89 up to 90.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
90 up to 91.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
91 up to 92.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
92 up to 93.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
93 up to 94.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
94 up to 95.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
95 up to 96.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
96 up to 97.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
97 up to 98.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
98 up to 99.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
99 up to 100.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
100 up to 101.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
101 up to 102.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
102 up to 103.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
103 up to 104.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
104 up to 105.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
105 up to 106.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
106 up to 107.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
107 up to 108.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
108 up to 109.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
109 up to 110.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
110 up to 111.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
111 up to 112.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
112 up to 113.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
113 up to 114.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
114 up to 115.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
115 up to 116.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
116 up to 117.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
117 up to 118.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
118 up to 119.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
119 up to 120.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
120 up to 121.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
121 up to 122.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
122 up to 123.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
123 up to 124.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
124 up to 125.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
125 up to 126.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
126 up to 127.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
127 up to 128.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
128 up to 129.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
129 up to 130.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
130 up to 131.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
131 up to 132.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
132 up to 133.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
133 up to 134.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
134 up to 135.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
135 up to 136.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
136 up to 137.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
137 up to 138.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
138 up to 139.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
139 up to 140.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
140 up to 141.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
141 up to 142.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
142 up to 143.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
143 up to 144.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
144 up to 145.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
145 up to 146.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
146 up to 147.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
147 up to 148.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
148 up to 149.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
149 up to 150.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
150 up to 151.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
151 up to 152.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
152 up to 153.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
153 up to 154.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
154 up to 155.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
155 up to 156.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
156 up to 157.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
157 up to 158.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
158 up to 159.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
159 up to 160.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
160 up to 161.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
161 up to 162.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
162 up to 163.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
163 up to 164.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
164 up to 165.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
165 up to 166.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
166 up to 167.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	0.3658
167 up to 168.	1, 422	0.0995	0.0505	0.0161	0.0329	0.0322	0.0038	0.0430	0.2170	

OTHER PERMANENT CIVIL EMPLOYEES THAN MECHANICS, CITY AND RURAL LETTER CARRIERS, AND RAILWAY POSTAL CLERKS.

Under 20.	13, 220	0.1274	0.0055	0.0005	0.1214	0.0028	0.1186	0.1246	0.6142	0.6382
20 up to 25	69,705	0.0980	0.0080	0.0005	0.0816	0.0047	0.0769	0.0834	0.4176	0.4411
25 up to 30	104,262	0.0661	0.0075	0.0006	0.0580	0.0066	0.0514	0.0595	0.3002	0.3332
30 up to 35	110,426	0.0576	0.0093	0.0007	0.0476	0.0085	0.0491	0.0491	0.2460	0.2885
35 up to 40	102,623	0.0515	0.0093	0.0009	0.0396	0.0104	0.0292	0.0411	0.2069	0.2589
40 up to 45	85,745	0.0315	0.0110	0.0009	0.0396	0.0123	0.0252	0.0402	0.2000	0.2616
45 up to 50	63,100	0.0326	0.0137	0.0013	0.0275	0.0142	0.0155	0.0346	0.1749	0.2459
50 up to 55	46,830	0.0268	0.0172	0.0019	0.0297	0.0161	0.0103	0.0385	0.1933	0.2738
55 up to 60	31,290	0.0249	0.0249	0.0033	0.0264	0.0180	0.0180	0.0405	0.2348	0.3249
60 up to 65	20,116	0.0645	0.0354	0.0070	0.0224	0.0180	0.0180	0.0405	0.2348	0.3249
65 up to 70	16,807	0.0863	0.0498	0.0161	0.0204	0.0199	0.0005	0.0664	(.2932)	0.4356

STATEMENT OF MR. ROBERT H. ALCORN, CHAIRMAN JOINT CONFERENCE COMMITTEE ON CIVIL SERVICE RETIREMENT.

Mr. ALCORN. Mr. Chairman, I would like to say just a few words in conclusion.

First, I want to say in behalf of those not here, members of the conference committee and all interested in this legislation, I desire to thank the chairman for granting us this hearing, and I would like to say further that we shall be very pleased to meet when you think it is convenient for you to have the committee meet again and give us a chance to hear those who are not here to-day.

Dr. Maddrill in commenting on the McKellar-Keating bill from the viewpoint of an actuary, points out certain actuarial shortcomings of the bill. In considering his criticisms, I would also like you to consider a certain economic and social omission from the bill, which is that it makes no provision for those cases of physical and mental disability occurring under the ages of 65 and 68 for the two groups of employees concerned. It is not merely age that determines the state of superannuation, it is the bodily condition. In order to obtain the measure of relief from superannuation desired, a retirement bill should make provision for careful consideration of those cases of disability on account of age occurring under the year limits set for the average cases. If any changes in the bill are to be considered, this feature should also receive serious consideration.

I would further invite your attention that the first object to be obtained by the enactment of this proposed bill would be to provide proper subsistence for the superannuated employees now in the civil service and that during the days of war-time prices. A pension of \$600 per annum is only \$50 per month, and any less than that amount would fail to keep a man and his old wife who have labored together these many years.

The scale of \$6 per year for 30 years would only net a man \$180, a pension of 50 cents a day for 30 years' service. Let us make it a dollar a day for 30 years service. A dollar a day would bring the pension up to \$360. Next in order to bring the pension up to the lowest possible subsistence figure for the present superannuates, raise the other \$6 factor proposed, up to \$8, totaling \$140 for 30 years' service, and making a grand total of \$600.

Under this modification the bill would read:

The Government grants you a dollar a day for thirty years' faithful service, all employees from now on purchasing in addition an annuity based on a two and one-half per cent contribution from his or her salary, made as a loan to the Government, and for the period prior to the passage of this bill the Government grants each employee \$8 for each year of service in addition to the dollar a day.

The McKellar-Keating bill is the result of a determined effort on the part of many men of many minds to agree on certain fundamental principles. It provides a bare subsistence for the present, superannuates above certain ages only, it provides sufficient revenue to finance the first few years of its operation, it directs the keeping of records and the making of reports to the Congress of the actual operation of the system, and we believe that if passed without change it will be a tonic to the civil service. If its actuarial shortcomings are

to be considered and remedied, we pray that the basic principles of adequate care for the present superannuates, of not more than $2\frac{1}{2}$ per cent contribution, and of safeguarded provision for those physically superannuated while still under the prescribed ages, be carefully considered and preserved in the revised draft.

The committee will now stand adjourned.

Thereupon, at 12 o'clock, noon, the committee adjourned subject to the call of the chairman.

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Retirement of employees in the classifie



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